



HEALY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE

GENERAL

NUT clips wings of Left

Action to stop Left-wingers of other minorities...

Spain Cabinet in trouble over Communist issue

Owen mission

Desai visit

Offer to Agee

Ray Gunter dies

Briefly

Chief price changes yesterday

Ray Gunter dies

Briefly

Chief price changes yesterday

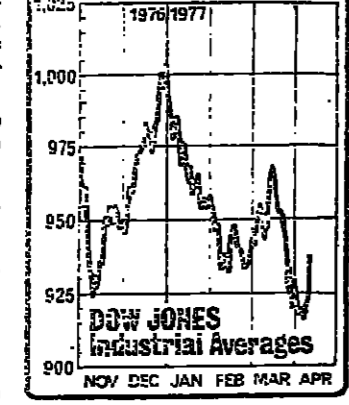
Ray Gunter dies

Briefly

BUSINESS

Wall St. up 13.06; gilts lose ground

WALL STREET rose 13.06 to 937.19 in the strongest advance this year...



Equities made a quietly firm start to the new Account...

Gilts, in contrast, lost ground...

Sterling gained 71 points to close at \$1.7185...

West Germany's leading industrial concerns appear to be pessimistic...

Ford to switch Capri output

Tanker ablaze

Desai visit

Offer to Agee

Ray Gunter dies

Briefly

Chief price changes yesterday

Ray Gunter dies

Briefly

Chief price changes yesterday

Ray Gunter dies

Briefly

Chief price changes yesterday

Union leaders try to defuse British Airways dispute

BY ALAN PIKE, LABOUR STAFF

An attempt to defuse the worsening British Airways dispute was made by union leaders last night...

Representatives of unions on the National Joint Council for Civil Air Transport offered to withdraw an agreement...

Earlier maintenance engineers at Heathrow stopped work in support of colleagues...

Review

Anger among shop stewards at yesterday's meeting was increased after some stewards leading the dispute complained...

Finance Bill to adjust tax on accommodation

BY MICHAEL LAFFERTY, CITY STAFF

THE FINANCE Bill to introduce the existing law on the taxation of living accommodation...

It is proposed that living accommodation provided for employees will only be exempt from tax if...

Swiss clients' buy hotel for £6m

BY QUENTIN GUIRDHAM

THE CHELSEA HOTEL in Sloane Street, London, has been sold by Adda International for £6m...

Peachey asks Miller to resign

BY OUR PROPERTY STAFF

LESS THAN a fortnight after stating that it was pleased that Sir Eric Miller would continue as a director...

Annual accounts

However, last night Lord Mais, while declining to say why Sir Eric had been asked to resign...

Annual accounts

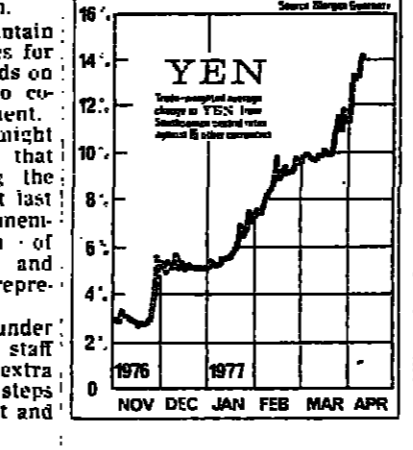
However, last night Lord Mais, while declining to say why Sir Eric had been asked to resign...

Yen goes higher against dollar

By Charles Smith, Far East Editor

TOKYO, April 12. THE YEN strengthened again on the Tokyo foreign exchange market today...

The yen has been gaining ground steadily since late January. Until recently the Government appears to have been content to let it move upward without hindrance...



delay the rate of appreciation, buying as much as \$100m on one day...

Japan's vice-minister of Finance, Mr. Matsukawa, said on Thursday last week that he felt artificial speculative influences were now forcing up the yen exchange rate...

Speculation, however, is not necessarily all of foreign origin. Japanese trading companies can seek to benefit from the yen's strength by delaying import payments...

The appreciation of the yen is believed to have had little impact so far on the competitiveness of the motor, electrical or shipbuilding industries...

Continued on Back Page

Japanese steel industry facing currency crisis Page 8

French role in Zaire war 'to end this week'

BY ROBERT MAUTHNER PARIS, April 12.

GISCARD D'ESTAING, the French President, said tonight that France had no intention of becoming involved in a Vietnam-style war in Zaire...

The French President rejected the view that the conflict in Zaire was no more than a local insurrection against the Kinshasa Government...

These were not former Katangese gendarmes as had been claimed. Having left Zaire as long as 12 years ago, the latter were too old to take part in such an operation...

Last night the French Foreign Ministry confirmed the presence of French military personnel in Zaire, although it stressed that they were not combat troops...

France did not want to abandon its friends in Africa. It wanted to assure them of European solidarity and to demonstrate that Europe considered Africa to be a "brother continent."

France had acted independently and without the agreement of the U.S. or other members of the Community...

David Bell adds from Washington: The U.S. is sending a further \$13m of lethal military aid to Zaire...

Katangans want to oust 'aid rulers' Page 7

Table with 2 columns: Features, Values

Table with 2 columns: On Other Pages, Values

Table with 2 columns: Appointments, Values

ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE. BERNINNA BANK advertisement with image of a tuning fork.

هكذا من اجل

Spernhaus Zürich

Die Zauberflöte

by RONALD CRICHTON

On the way from Paris to Salzburg, the Salzburg Opera House at Zürich offered a new Zauberflöte—a work notoriously difficult to get right, more likely to bring rewards in a post-modern house like this one than on the world's grander stages.

The settings by Fritz Butt are lightly painted (yes, painted!) cloths which can change in a twinkling without visible assistance. Jan Stappely's costumes are simple illustrations with priests in turbans. The colour scheme, mostly sand brown and slate blue, is warm and pleasant.

There is an outstanding Sarasate from the Finnish bass, Matti Salminen—young, energetic, not a great singer, but a good actor, a good participant with a beautiful voice. Tamino and Pamina were Ehdiger Wolbers and Renate Lehner. He is a forthright but uneven singer who can follow a melting phrase with a dull, hard one, a good actor. She is interesting, also uneven, impetuous, rough on the ends of phrases, but capable of sudden gleaming flights (in the duet with Papageno and in later scenes with Tamino) that make up for a great deal. A competent Papageno on well-established lines from Christian Roesch, who played (and sometimes overplayed) for Viennese charm. The Queen was a Polish soprano, Zdzisława Donat, nervous at first, still nervous at the end, but she is a good singer, a good actor. She is interesting, also uneven, impetuous, rough on the ends of phrases, but capable of sudden gleaming flights (in the duet with Papageno and in later scenes with Tamino) that make up for a great deal.

Philanthropy may well be bad for the soul of the philanthropist, but then, against probability, and as conspicuous as good deeds ever are in the naughty world, a few glimmers of hope shine out. John Moores is now a veteran of some 20 years of exhibition sponsorship, and his Liverpool Exhibition at the Walker Art Gallery, while it invariably provokes controversy and criticism, nevertheless enjoys a most healthy submission for selection. Industrial Sponsors soldiers on at its thankless task of casting



George Donn as The Poet and Suzanne Farrell as Laura in the Ballet's 'The Triumph of Petrarch', which opened last night at the Coliseum

The Fitzwilliam Museum, Cambridge

Tolly Cobbold/Eastern Arts Open Exhibition

by WILLIAM PACKER

Philanthropy may well be bad for the soul of the philanthropist, but then, against probability, and as conspicuous as good deeds ever are in the naughty world, a few glimmers of hope shine out. John Moores is now a veteran of some 20 years of exhibition sponsorship, and his Liverpool Exhibition at the Walker Art Gallery, while it invariably provokes controversy and criticism, nevertheless enjoys a most healthy submission for selection. Industrial Sponsors soldiers on at its thankless task of casting

Of course we have our Arts Council, and should be grateful, but how ably it is treated for the work it does, how hard to mouth, how unreliable its public funds. Our great, bold, public art charity of their quality, even at York and Canterbury, and wonderful things slip through the fingers of our museums and galleries for want of a few pounds. The gift assurances that a wealth tax would make so much more great art available for the delight and edification of the people, are exposed as the lies they are. It is in this dispiriting atmosphere that our artists must carry on their work. Ministers may encourage industry to support them; and official committees take the same duty upon them; but the reports have yet to appear, and nothing is done. We have no reason to expect



John Rogers (untitled, oil on canvas)

Covent Garden Collier and Barishnikov

by CLEMENT CRISP

Like those very grand motorcars that can accelerate from starting to 50 miles an hour in a few seconds, Mikhail Barishnikov generates a dance energy, creates a dynamic image, with extreme and extraordinary speed. Swift, almost invisible preparations lead into a feat of virtuosity, the alliance with the expansion of the musical phrase guides the development of the dance with complete ease; the muscular tone is sustained with no diminution of force. Phrases flash out with a dying and tenacious fall, but with a natural and easy ending that rounds out the incident; nothing looks fudged or hurried. It is dancing by a master, and it is marvellous. Last week, in his second appearance as Colas, Barishnikov partnered Lesley Collier as Lise, and found in her a partner of equal, assured, technical prowess. Collier has a fresh and sparkling way with Lise; happy and ecstatic poses in arabesque suggest something of the fullness of the girl's joy in her love; the extreme clarity of her footwork; the resilience of her jumps, all are characteristics of a portrait that wins our affection as it has plainly won Colas' heart. The feeling that both artists convey is of a delicious happiness together. As Colas appears at the half-door of the farm in Act Two, Lise swings and spins in his arms in an ecstasy of delight and when Simone awakes, her capers seem almost intoxicated. In the corn field duet, their dances appear to spring from the ground: no force of the incident; nothing looks fudged or hurried. It is dancing by a master, and it is marvellous. Last week, in his second appearance as Colas, Barishnikov partnered Lesley Collier as Lise, and found in her a partner of equal, assured, technical prowess. Collier has a fresh and sparkling way with Lise; happy and ecstatic poses in arabesque suggest something of the fullness of the girl's joy in her love; the extreme clarity of her footwork; the resilience of her jumps, all are characteristics of a portrait that wins our affection as it has plainly won Colas' heart.

Television Rich Waters but poor Roots

by CHRIS DUNKLEY

Since so many of us have complained so bitterly in the past about the way that the BBC and ITV have habitually released waves of new series simultaneously, ensuring that we can watch only a fraction of the good stuff, we really must make our gratitude known now that they seem to have mended their ways, at least partly.

Early in January it was the BBC that pushed the boat out with a list of new series headed by The Age of Uncertainty and The Secret War. Then, towards the end of February, ITV took over and launched Romance, Tom O'Connor, Raffles and so on.

And now with Roots, Esther Waters, Ariot and Trueman and Crichton (which started quietly but looks set to become compulsory viewing) as well as returning series such as Z Cars, it is the BBC's turn again.

This is not to suggest that ITV completely gives up launching new material while the BBC does its stuff, or vice versa—ITV has just started running Power Without Glory which looks to be the best drama series to come out of Australia yet—but it is to suggest that in the last few months there have been fewer clashes than there used to be between those newly launched series which I would want to watch, job or no job.

Let us hope that it really is a trend and does not turn out to be a series of coincidences. Certainly the BBC has now developed a very powerful Sunday evening, Jubilee on BBC 1 is a collection of 13 single plays 'reflecting life in the last 25 years', and although there is often an overly studied feeling about the references to topical events (Mau Mau reports in the quite touching opening play, Almost Tomorrow, by Ray Connolly for instance, and a whole catalogue in this week's The White Elephant by Leslie Sands: the opening of ITV, which you later allegorize, Gilbert Harding, 50 off income tax, there is nevertheless a lot of simple pleasure to be gained from affectionate nostalgia when the reminders do not seem too contrived—the signature tune of 'Mau Mau', or 'The White Elephant', or Connolly's accurately captured atmosphere in the home of one of the Empire's last civil servants.

It is neither the most demanding nor the most enlightening of drama series but it will no doubt be greatly enjoyed by those who are not sure how to enjoy it. The Brothers (it is their fifties and sixties do make a change from the twenties and thirties. Without even leaving time to make a cup of tea, Jubilee leads straight into a new batch of the delightful Esmond and Larbey's The Good Life on BBC 1, or into the new (fairly brief, four parts) serial on BBC 2, Esther Waters.

This is a dramatisation by Douglas Livingstone of the 1894 novel by George Moore which I have not read, but the first episode (to be repeated on Friday) was like a mixture of Tess of the D'Urbervilles and Les Misérables. Kitchens maid Esther arrives to work at Woodview and since she is Plymouth Brethren and Woodview exists only to race and back horses, there are immediate tensions.

The production benefits from all the high standards that we have come to expect from such work in this country: persuasive acting throughout a large cast, sane direction, faultless costumes and so on.

Two small points in the first episode do illustrate the excellence of the parts which make up the whole: the 'upstairs' set looked cluttered and dim and claustrophobic, just like the earliest photographs of domestic interiors and quite unlike the Habitat Victoriana to which we are so accustomed; and the outdoor scenes of Esther and the randy William were set in a timeless and lush English countryside photographed beautifully enough to make you choke—thanks to Elmer Cossey and Jane Howell, cameraman and director. Esther Waters is very English



TRUST YOUR BARCLAYS BANK MANAGER TO TELL YOU ABOUT BARCLAYTRUST

Barclays Bank Managers are responsible people. Responsible for what you think about our Bank and the whole Barclays Group. Responsible for helping you take care of your money, and that means a good deal more than just locking it up in the vaults. Through him, for example, you can tap a vast reservoir of financial, investment and taxation expertise that, taken together, we call Barclaytrust. Barclaytrust exists so that people with enough money to worry about (as distinct from those who worry about not having enough) can make the most of what they've got. So that people like you don't end up paying more tax than you should. So that the benefits of full market knowledge can be applied to your investments. So that you can have a team of full-time specialists on your side when providing for your family's future. Ask your Barclays Manager about Barclaytrust soon. He knows all about it.

Covent Garden Tosca

by RONALD CRICHTON

The first of the season's Midland Bank Frimas at the Royal Opera brought a Tosca which might be pleased to see on Bank Holiday, with the famous Zeffirelli production carefully reproduced by Richard Gregson. The cast included one of the most popular tenors of the day, a soprano of distinction rarely heard here, and an internationally acclaimed British baritone. The conductor was Robin Stapleton, one of Covent Garden's brightest young talents. Luciano Pavarotti, the Cavaretti, has apparently lost about three stone in weight without endangering his admirable voice. Except for a few phrases in the third act duet every note, every syllable, pinged out melodiously and accurately. Tosca was Raina Kabanvanska, a strangely divided opinion. I admired her sensitive, delicate line; her notes clearly taken and relinquished; her long, expressive phrases. The voice is not so rich as it was a few years ago, but she sings with a certain grace that don't quite conceal Tosca's underlying timidity and simplicity. Peter Glossop's Scarpia is a course-grained brute, more grotesque than sinister. Such a reading is conceivable, but not with such hand-saw singing. The vocal line, once altered, is still there behind the bluster; we must hope it soon comes out again. John Dobson's Spoletta is even better for being more restrained (the torture scenes were handled with musical tact). Paul Sutherland, the gaffer caught the attention, Michael Langdon and Derek Hammond-Stroud repeated familiar performances. Mr. Stapleton produced splendid playing from the orchestra but lingered too lovingly over details which just need clear statement, not underlining.

Booker Prize panel

The National Book League, administrator of the Booker Prize, Britain's largest fiction prize, worth £5,000 to its winner, has announced the panel of judges for 1977. They are Philip Larkin, poet, Beryl Bainbridge, novelist, Brendan Gill, of the New Yorker staff, David Hughes, novelist and Robin Ray, broadcaster.

New post for Scottish Opera chief

Mr. Peter Hemmings, general administrator of Scottish opera for 14 years, will be leaving the company in the autumn to become general manager of the Australian Opera. Mr. Hemmings has been with Scottish opera almost since it began in 1962.

EUROPEAN NEWS

Lisbon lags in cutting down State ownership

By Our Own Correspondent
LISBON, April 12

THE EXTENDED deadline for the disposal of about 270 Portuguese companies taken over by the State before the present Socialist government took office expires today, with only 30 of them having been removed from State control, and a further 20 declared bankrupt.

These small and medium-sized companies had been either seized by the workers, or management, unable to cope with high salary demands, militancy and low production, had requested State intervention. There is no official figure, but many billions of escudos have been spent to support non-productive businesses.

Now, however, the Government can no longer afford to keep up the subsidies. In December companies were instructed to prepare reports on four courses of action: Declaration of bankruptcy; mixed capital enterprise; return to former owners or formation of a co-operative.

The appropriate ministry studies each case, and the Council of Ministers makes the final decision on the disposal of the company. The whole process was originally to have been finished by February 28, but the deadline was then extended to April 12.

Most of those companies the State has managed to divest itself of have been restored to their former owners. According to Communist newspapers, this is equivalent to the return of Fascism. The Communist Party has officially called for the immediate suspension of "disintervention," as it is called, and many companies are threatening to or have organised strong worker resistance.

A trailer manufacturing company, for example, has been paralysed since April 1, the owner having to enter his office escorted by the police.

Delays have also been caused by long drawn-out negotiations between the Government and the owners who are not always that anxious to have their companies back in the condition they are at present in.

The issue has more political than economic significance. The Government, burdened with constant crises since it took office, has not been able to act swiftly enough and "disintervention" has become a focus for social tension with organised Communist resistance.

SOVIET TECHNOLOGY

Expert-import

BY DAVID LASCELLES

WHEN CONCORDE made its maiden flight, the Russians in 11 major industries the exulted over the fact that part of the undercarriage had been made of metal produced by a Soviet process. When their own Concorde took to the air, they made somewhat less of the fact that it contained a fair amount of Western electrical and engine components. Understandably perhaps, the Russians talk little about their dependence on Western technology, though many Western estimates it goes some way towards explaining their policy of détente. But just how important is Western technology to the Soviet economy?

Nato's Economic Directorate has published the proceedings of a special meeting held last year which tackled this question, and others such as why the Soviet bloc lags in its technology, and what it proposes to do about it. The existence of a lag is not in doubt. In 1974 the Soviet bloc imported about six times as much in technology-related goods from the West as it exported; these imports were worth about \$600 million. Most were of machinery, vehicles, chemicals, electrical and electronic goods.

Much of the second and third generation computer technology now used in Comecon is estimated to have been imported from the West—despite western curbs imposed on computer exports for military reasons.

The Russians themselves have admitted that in 1973 over three-quarters of their total compound fertiliser production came from imported plant. This piece of information slipped out in an article by the head of a foreign trade organisation, Tekhnashimport, describing the contribution of his organisation to Soviet development.

Since 1973 and the harvest disasters, imports of fertiliser plants have been stepped up, which suggests that the degree of dependence will have risen too.

According to Dr. Philip Hanson, Birmingham University's expert on Soviet technology, fertiliser plant imports are now saving the Russians a net \$40 million a year on their farming budget. The imports themselves having cost some \$20 million.

American economists who examined the impact of western machinery imports on the Soviet economy calculated that they added about 20 per cent to the value of Soviet industrial output between 1965 and 1973. The figure now is thought to be somewhat lower, but even if it is 15 per cent, the impact is considerable.

Perhaps the most significant of all was the finding by a

group of British economists that projects get the go-ahead, the in achieving full production the great: the average delay in last Plan was 50 per cent, less than planned.

Resistance to change may explain the limited diffusion of know-how gained from imps. The Nato meeting agreed that technology imports tend to be a once-for-all impact on a particular sector; they do not act as seeds for the growth of new ideas. In fact, this is a sign that the policy of importing technology deadened rather than stimulated the home-grown variety, because it offers the easy way out. Hence of this is provided by Soviet interest in on-going technology deals—contracts in the western partner not sells a particular process, agrees to pass on subsequent improvements.

One point made at the meeting is that technical involves people as well as how. Until the Soviet permits a freer flow of scientists and technicians between and West it will miss out many of the new ideas that go into the rounds, and it also fails to make the best of whatever know-how it import.

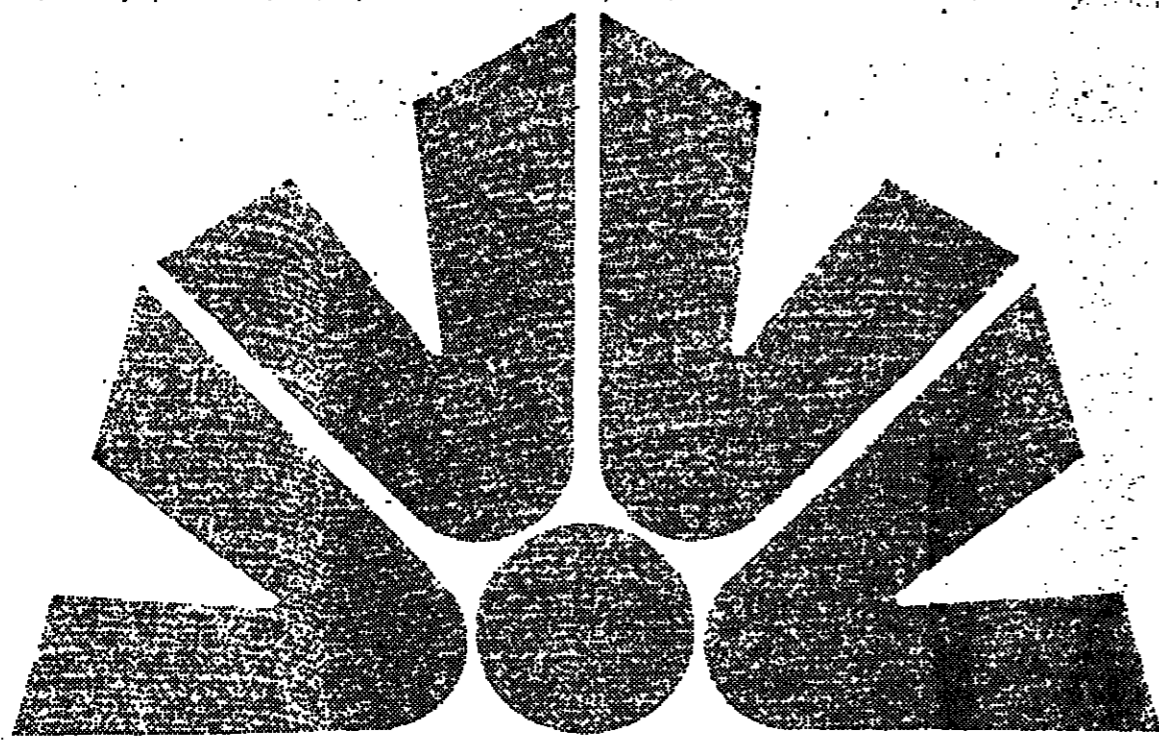
But the signs are that the Russian's extreme touch about their technological they are fully aware of it want to do something new. The new Five Year Plan "plan of quality and efficiency" lays heavy stress on the for technological improve.

A greater share of invest will also be spent on bringing industry up to date. The contains a detailed sector science and specifies a range of tasks, including faster application of invest and closer links between scientists and the factories.

At the same time bold Bruchnev and Mr. Kosygin it clear at last year's Congress that they foresaw continued policy of imp technology, especially on a pension or buy-back basis.

Should the West try to other than highly sensitive ports? If so, how can interests be reconciled with of private enterprise want to maximise its sales? One solution is a "tech-emigration tax" which makes it uneconomic for panies to export technology, provocative ideas which appear to catch on.

On the other hand, the report also recognises national interest and gain come very close, in case controls may not be necessary. And even if new



EUROPARTNERS

the strong link for your international business



BANCO DI ROMA - BANCO HISPANO AMERICANO
COMMERZBANK - CREDIT LYONNAIS

Driving force.

The BMW 3-0Si has the most formidable driving power. Not just in sheer driving speed and acceleration, but in the way the power is controlled.

It produces around 190bhp and can cruise at speeds up to 130mph. Yet it can deliver more than 27mpg should you require it. Any journey

will be as fast, safe and effortless as you like.

However, the car gives so much pleasure that you may frequently find reasons for taking the longer rather than the shorter route.

Which just goes to show the fastest car doesn't necessarily make the quickest trip!

SPECIFICATION RESUME

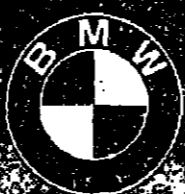
Engine: 3-0 litres, six cylinder with L-Jetronic fuel injection producing 195bhp at 5500rpm.

Performance: max speed 131mph; 0-60 in 7.6 secs; overall fuel consumption 27mpg (32.5mpg at constant 62mph).

PRICES: BMW 2500 £7629.00, BMW 3-0Si (shown) £9179.00. BMW

1962-1966 BMW 3-0Si £13989.00. (Prices correct at time of going to press.)

In today's financial conditions, leasing a BMW can create substantial advantages. Your BMW Dealer will be happy to put you in touch with expert advisors on leasing who can describe the schemes in detail.



For the joy of motoring.

BMW Concessionaires GB Limited, 991 Great West Road, Brentford, Middlesex. Tel. 889 4155. Export, New and Diplomatic, 66-69 Park Lane, London W1. Tel. 889 2977.

Handwritten note: 1972/00 13150

ment. m
looms ovc
Commun
planning sel
to create
ITALY
April 13, 1972
COMMUNLANEIN
Dis 60.00
GENE BANNI
PUBBANI

Government, military Charter crisis looms over Spain Communists

BY ROGER MATTHEWS MADRID, April 12.

FRANCISCO FRANCO and Prime Minister Adolfo Suarez sought to avert a potential governmental crisis over the military Charter at the weekend to legalise the Communist Party.

Deputy Prime Minister Lt. Gen. Gutierrez Mellado cut short a visit to the Canary Isles to fly back to Madrid, and on the early evening of the Senior Army Council met for what was initially described as a routine monthly session.

The Minister for the Navy, Admiral Pita da Veiga, is understood to have handed in his resignation in protest at the decision of the Communists, although last-minute efforts to persuade him change his mind were immediately mounted.

If the Government can limit the number of resignations to this one, the issue could be resolved. However, the King's aide received the Air Minister this afternoon, Lt. Gen. Franco Iribarne, who is said to have severe doubts on the political direction of the Suarez administration and might be considering resignation.

The evening newspaper, El Alcázar, the organ of the extreme right-wing ex-combatants' association, who were the late General Franco's most devoted supporters, reported that both Navy and Air Ministers had resigned. The report added that it was not known if the resignations had been accepted.

The Army Minister, Lt. Gen. Alvarez Arenas, is at home with influenza and there is no indication as to his attitude, but he is recognised as relatively hard-line.

Tonight's meeting of the Senior Army Council was chaired by Lt. Gen. Vega Rodriguez, who regarded as the main liberalist

force operating in senior military posts.

The military ministers, along with some other members of the Cabinet, are believed to have been increasingly irritated by the "presidential" style of Prime Minister Suarez. One military source said tonight that there had been a serious lack of consultation by the Prime Minister and that the favourable publicity he had been receiving in some sections of the national Press had perhaps caused him to force that there were other ministers of weight in the Cabinet.

In Madrid tonight, dozens of cars paraded through the streets, draped with the Spanish flag, their drivers and passengers shouting "Long live the army" and "Death to the Communist" and other slogans.

The Senior Army Council brings together the captains of the army's military regions together with other senior commanders. As such it is a body of major influence, and its discussions tonight have an important influence on the future attitude of the King and his Prime Minister.

Earlier it was learned that the government has decided not to legalise any political parties to the left of the Communists.

While this decision is sure to provoke protest demonstrations and clashes with the police in coming weeks, it does give some indication as to the probable line-up of parties for the general election.

This Friday, the Cabinet is expected to fix the election date, with June 15 being the day most widely canvassed. A three-week campaign will precede the elections for upper and lower houses of Parliament, and most parties likely to make any showing at the polls are already developing their strategies.

Gloomy forecast by W. German industry

BY GUY HAWTHIN FRANKFURT, April 12.

WEST GERMANY'S leading industrial concerns appear to be pessimistic about economic prospects for 1977. The upswing is not thought likely to be strong enough to produce much of an increase in employment, which is depressing news with unemployment standing at a high 4.4 per cent.

This is the basic result of a survey of 297 leading West German companies by IFO-Institut fuer Wirtschaftsforschung, one of the country's leading economic research institutes. The majority of the companies surveyed believe that the economic upturn will weaken this year.

Up until now, IFO comments, the main economic support have been buoyant orders from abroad and improved consumer demand at home. However, it is feared that 1975 will bring with it a weakening of the economic driving force particularly in the field of exports.

Despite this, medium-term prospects appear to be more healthy this year than they did 12 months ago, and this is likely to have a positive effect on industrial investment. The survey indicates that for the first time since 1971 there has been a small increase in industry's medium-term investment plan.

In the next five years, production in industry in the Federal Republic is expected to increase its total investment in plant and equipment by an average 2.4 per cent nominal, compared with the 1976 figure, however, allowing for increased costs, the real increase will be less than 1 per cent.

The survey has been produced at the request of the IFO, an industry source says for concern. The survey was done by the IFO, a non-profit-making institute, which has been producing similar surveys since 1950. The 1976 survey showed that the country's exports in 1976 were 10.5 per cent higher than in 1975. In 1976 the country's exports were 10.5 per cent higher than in 1975. In 1976 the country's exports were 10.5 per cent higher than in 1975.

E. Europe cosmonaut may orbit next year

By Leslie Collier EAST BERLIN, April 12.

THE FIRST non-Soviet European in space, an East European, could be launched into orbit as early as autumn of next year, according to an East German space scientist.

Cosmonauts from Eastern Europe, Mongolia and Cuba are currently undergoing training at Star City outside Moscow, and Herr Horst Hoffmann, of the East German Astronautical Society, says the "first European space flight" can begin in the autumn of 1978.

Herr Hoffmann says cosmonauts from eight Comecon countries, which are members of the Intercomos programme, are being trained in the Soviet Union. Personnel from East Germany, Czechoslovakia, Hungary, Poland, Romania, Bulgaria, Cuba and Mongolia are in the project. Pilots are being trained as spacecraft captains, technicians as onboard engineers, and scientists as researchers in space. The East German newspaper Volkswacht says that some 30 Soviet cosmonauts have stepped aside to allow their colleagues from other Comecon countries to take part in the first Intercomos flight.

The Soviet General Vladimir Shatalov, who is responsible for cosmonaut training, has said in an interview that the cosmonaut candidates from the socialist fraternal countries are preparing for their space flights with great enthusiasm.

Italy Socialists seek new party line-up

BY DOMINICK J. COYLE ROME, April 12.

THE EASTER political vacation in Italy seems likely to be short-lived this year and the Socialist party is expected to move within the next couple of days to resume a round of bilateral discussions with the principal parties aimed at securing "a new majority in government."

The shape of any such new majority is by no means clear, but both the Socialists (PSI) and the Communists (PCI) are insisting publicly at least that there must be an early alternative to the present minority administration of Sig. Giulio Andreotti, although, in the current way of Italian politics, not necessarily a change of Government as such.

However, some elements within Sig. Andreotti's own Christian Democratic (DC) party, including the former Prime Minister, Sig. Aldo Moro, are now implying that they favour a change in the actual administration. But this move has its origins more in internal dissent than any apparent determination to put together a more stable Government.

Sig. Andreotti is now maintained in office by the tacit support of the former veteran Italian Socialist leader, Sig. Francesco De Martino. There have been literally hundreds of anonymous messages claiming responsibility for the Socialist's resignation, but so far the police-organised party has been reluctant to take any steps to improve the maintenance of law and order in the organisations admitting re-

port of the PCI and the PSI, both parties having adopted since last year's inconclusive general election a policy of abstention in Parliament. They each show sensitive issues that would be sensitive for the Socialist's leadership. The Communists, just before Easter, in Sicily, were actually involved in a violent clash with the police, and the Socialist party has been criticised for its failure to take any steps to improve the maintenance of law and order in the organisations admitting re-

Italy Socialists seek new party line-up

BY DOMINICK J. COYLE ROME, April 12.

THE EASTER political vacation in Italy seems likely to be short-lived this year and the Socialist party is expected to move within the next couple of days to resume a round of bilateral discussions with the principal parties aimed at securing "a new majority in government."

The shape of any such new majority is by no means clear, but both the Socialists (PSI) and the Communists (PCI) are insisting publicly at least that there must be an early alternative to the present minority administration of Sig. Giulio Andreotti, although, in the current way of Italian politics, not necessarily a change of Government as such.

However, some elements within Sig. Andreotti's own Christian Democratic (DC) party, including the former Prime Minister, Sig. Aldo Moro, are now implying that they favour a change in the actual administration. But this move has its origins more in internal dissent than any apparent determination to put together a more stable Government.

Sig. Andreotti is now maintained in office by the tacit support of the former veteran Italian Socialist leader, Sig. Francesco De Martino. There have been literally hundreds of anonymous messages claiming responsibility for the Socialist's resignation, but so far the police-organised party has been reluctant to take any steps to improve the maintenance of law and order in the organisations admitting re-

Barre planning selective measures to create jobs

BY ROBERT MAUTHNER PARIS, April 12.

THE FRENCH Government is planning a number of selective measures to stimulate economic activity and create jobs, including the set-back which the Government suffered at the recent municipal elections.

The measures are expected to be included in the new 11-year plan for the next 11 months, due to be presented to the National Assembly by the Prime Minister, M. Raymond Barre, on April 26.

It has now been officially accepted that the high level of unemployment, currently hovering around the 1m mark, played an important part in the sweep-already planning strikes and the gains made by the left-wing opposition at the local elections of this month, have been further increased by the steel employers' announcement at the end of last month to reverse the trend on the labour market.

Provisional figures showing that unemployment rose by another 5 per cent in March have underlined the urgent need for Government action. Though the details of the measures which are being prepared are not known, it is expected that the Government will offer special financial incentives to those sectors where investments are

flagging, to industries which are particularly sensitive to foreign competition and to companies which are planning to expand their activities.

It has already been announced that a special Frs.2bn. (about £230m.) long-term loan will be floated at an interest rate of 8.5 per cent for the first five years and 11 per cent for the following 10 years, to help small and medium-sized companies increase their investments.

The Government, meanwhile, is faced with an increasingly serious situation on the labour front. The unions, who are already planning strikes and the gains made by the left-wing opposition at the local elections of this month, have been further increased by the steel employers' announcement at the end of last month to reverse the trend on the labour market.

Provisional figures showing that unemployment rose by another 5 per cent in March have underlined the urgent need for Government action. Though the details of the measures which are being prepared are not known, it is expected that the Government will offer special financial incentives to those sectors where investments are

Money system may be simplified

A possible simplification of the Italian monetary system by the introduction of a "heavy" or new lira was forehanded yesterday by Sig. Gaetano Stambati, the Treasury Minister, writes our Rome correspondent. He said studies by the Bank of Italy into the implications of a revised system are well advanced and suggested that the Government might favour the introduction of a new lira which would be equal in value to the present Lire 1,000 (66p) note.

A change would certainly facilitate the Treasury and the accounting profession in a country where, because of the low unit value of the basic monetary system, millions are commonplace, billions an ordinary feature of company balance sheets, and trillions part of the Government's annual budget.

Signs of wishing to get closer to the Government, at least in terms of its policies, and the Socialists in particular are talking about the need to have all-party agreement on a package of economic and social legislation, including urgent steps to improve the maintenance of law and order in the organisations admitting re-

Swiss prices fall

Switzerland's consumer price index fell 0.2 per cent in March to 167.2 (base 1966), making a gain of 1 per cent on March 1976, the Federal Office of Industry, Trade and Labour said. Reuter reports from Bern.

We'll give you an office in Tokyo and a charming introduction to 40,000 companies.

Right in the heart of Tokyo's business district is the JAL Executive Service Lounge. Your office away from the office, conveniently and comfortably situated on the mezzanine floor of the Imperial Hotel. Since there's everything there for you except the overheads, it's better than having your own Tokyo office.



The lounge provides all the regular office facilities, free or at a nominal charge and is staffed by both JAL and JETRO, the Japan External Trade Organisation. The JAL staff will take care of your travel and accommodation arrangements, and will obtain the services of secretaries, interpreters, chauffeurs and guides. The JETRO staff will help with all aspects of your business.



Through their computer, they can provide information on 40,000 Japanese companies. Then, if you wish, make the introductions.



Recently, JETRO staff at the Executive Service Lounge have found a distributor for an Italian manufacturer, a market for an English paper maker, a supplier for a French food company and a Japanese partner for a German firm. And this is just a handful of examples.

Remember too, that the Executive Service Lounge is only part of the JAL Executive Service, the first and still the most comprehensive package of business aids for the executive visiting Japan. It gives you all the help you need before you go, on the way and when you get there.

With all this, 22 flights a week and JAL's incomparable in-flight service, it's no wonder that JAL fly more Europeans to Japan than any other airline.

We never forget how important you are.



Find out more by contacting the Executive Service Secretary at your nearest JAL office or mail this coupon today.

Please send me my copy of the new brochure on the JAL Executive Service.

To: Japan Air Lines, 8 Hanover Street, London W1R 0DR.

Name _____ Address _____

Position _____

Company _____

A FINANCIAL TIMES SURVEY ON ITALY

April 13, 1977

For additional copies of this report contact:

Intercontinental SAS, Milan. Tel: 688-7041.

Casa della Rivista, Rome. Tel: 777739

or

CIRCULATION MANAGER, FINANCIAL TIMES, LONDON.

For bulk reprints contact:

M. BYRON, FINANCIAL TIMES, LONDON.

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Financial Times, Bankers House, 38, Cannon Street, London EC4A 3DF.

Tel: 01-236 8000. Telex: Financial London. Telex: 855033.

This announcement appears as a matter of record only

KOMMUNLANEINSTITUTET AB

STOCKHOLM, SWEDEN.

Dffs 60,000,000

DUE 1978/1997

This private placement has been arranged with institutional investors in the Netherlands

by

ALGEMENE BANK NEDERLAND N.V.

and

PKBANKEN

March 1977

AMERICAN NEWS

Venezuelan President to tour MidEast

Venezuela President Carlos Andres Perez will begin a five-nation tour of the Middle East on April 20, writes our Caracas correspondent. He is expected to discuss the dual pricing system for oil with other OPEC members...

Strong advance in retail sales for second month

BY DAVID BELL

U.S. RETAIL sales advanced strongly last month for the second month in a row providing further evidence that the economy is recovering rapidly from the effects of the severe winter. The Commerce Department reported that in March retail sales climbed by 2.4 per cent...

noted to-day that unemployment remains very high and that the figures "should not make anyone think we don't need to do anything about the economy." She said that the Department expects "continued good sales increase for the rest of the year particularly in the second and third quarters of the year" and the latest University of Michigan consumer confidence survey supports this assessment...

WASHINGTON, April 12.

Honda may build U.S. motorcycle factory

TOKYO, April 12. HONDA MOTOR Company has said that it is considering a plan to manufacture its motorcycles in the U.S., but declines to comment on a report in a Tokyo newspaper that it will start construction of a factory on the U.S. West Coast at a cost of over \$100m by the end of this year.

THE U.S. STEEL INDUSTRY

Pressure for protection as profits remain low

BY ANTHONY COCKERILL

THE PROBLEMS of the U.S. steel industry are similar to those of other nations: rising costs, low profits, falling demand, and inadequate investment. Whereas producers elsewhere are turning increasingly to their Governments for assistance, this remedy has so far been eschewed in the U.S. in favour of free enterprise solutions.

at between \$1.3bn. and \$1.5bn. a year. In addition the industry will have to find between \$2bn. and \$2.4bn. annually to maintain existing facilities. The introduction of more stringent standards for pollution control is also increasing the burden on companies. An extra \$800m. or \$1bn. annually will be needed to raise existing plant to meet the 1983 pollution standards. Professor Marshall estimates. He adds a further \$400m.-\$600m. a year for increased working capital needs and provision for debt repayment, yielding a total annual capital need of \$4.5bn.-\$5.5bn.

Chile condemned

The secretary of the inter-parliamentary union yesterday described the military government of Chile as one of "the most totalitarian regimes ever known." UPI reports from Canberra. In a report to the 120th meeting of the union, it pointed out that President Augusto Pinochet himself described Chile's new constitutional framework as "totalitarian democracy."

Brazil delay

President Ernesto Geisel has delayed his announcement of a massively restructured Brazilian political system, originally expected on Monday, UPI reports from Brasilia. The President has cancelled a trip scheduled for Thursday, indicating that Congress is likely to remain recessed until at least next week.

Argentine petition

Twelve Argentine families have filed a petition with the Supreme Court seeking information on the disappearance and apparent arrest of 425 persons, among them a prominent labour leader and a former university rector. UPI reports from Buenos Aires. The petition said writs of habeas corpus had been filed in all cases "with no result."

IMF terms for Peru opposed

BY HUGH O'SHAUGHNESSY

THE PRESIDENT and four directors of the Peruvian Central Bank are opposing conditions the International Monetary Fund (IMF) is laying down for the granting of large new credit. The Central Bank officials, according to a report by Inter Press Service, have written a memorandum to Dr. Luis Borda, the Economy Minister, protesting that the conditions suggested by the Fund for any new loan are too stringent. The Fund is reported to be calling for the limiting of inflation this year to 15 per cent, as against a rate of 25 per cent, favoured by the Bank and a level of 45 per cent last year. The Fund is also calling for a tight ceiling on Government expenditure. This is taken to imply a reduction of Government subsidies on staples, a rise in the price of petrol, a big new devaluation of the sol and an increase in taxation.

this policy as being too drastic, likely to depress a listless economy still further and unable to be carried into effect without a big increase in political repression. According to reports, the Central Bank is suggesting a policy of tougher bargaining with the fund on the lines of British discussions with it in 1975 and 1976. Last year Peru registered a balance of payments deficit of between \$500m. and \$800m. During the year the Peruvian Government obtained some \$1.4bn. in foreign credits, including \$565m. in support for the balance of payments. So far the Government has not accepted the IMF conditions and is hoping for better trade figures. In the political arena, intense discussion is continuing about the military Government's draft plan, the Tupac Amaru plan, to reintroduce parliamentary government abolished in the coup of 1968. The Tupac Amaru plan

WASHINGTON, April 12.

No soya curb

WASHINGTON, April 12. The U.S. State Department has sent cables to U.S. embassies and missions informing them an embargo on American soybeans exports is not under consideration. Diplomats said the cable reinforced recent statements by Mr. Bob Bergland, the Agriculture Secretary. It said the current situation was completely different from 1973, when the U.S. imposed a limited embargo on soybeans.

U.S. PRODUCTION AND APPARENT SUPPLY OF STEEL

Table with 4 columns: Item, 1975 Million net tons, % Change from previous year, 1976 Million net tons, % Change from previous year. Rows include Crude steel production, Shipments of steel mill products, Crude steel production, Exports, Imports, and Apparent supply (2-3+4).

net ton = 0.9074 metric tonnes. Source: American Iron and Steel Inst.



Margaret and George save with the biggest building society in the world because they get more than just maximum security.

Care. Confidence. Availability.



Call in any Halifax office for a friendly chat about the right savings scheme for you.



You can relax knowing that your money is always earning good interest.



We've more than 1,500 branches and agencies so, wherever you live, there's sure to be an office near you.

HALIFAX Get to know the security of the biggest building society in the world. Member of The Building Societies Association

Handwritten signature or note: Jpy 10 13/50

and steel shipments were both up by a tenth or more. But they were still well below the boom year level of 1973, when 15m net (or short) tons of crude steel were produced. Imports rose by almost one-fifth. Despite the modest up-turn in overall demand, the profitability of the leading producers has remained low, reflecting the depressed state of the construction industry, the rising costs of raw materials, energy and labour, competition from the small independent mills and from imports, and Government pressure to contain prices.

for meeting part of the shortfall by raising new equity seem slim, because of the industry's low profitability, although both United States Steel and Inland managed to float new issues during 1976. In Professor Marshall's analysis, sufficient price increases were assumed to match rises of raw material and labour costs. But the state of demand and the Government's concern with inflation make it unlikely that any further contribution to cash flow will come from this source.

costs, together with an abundant supply of scrap. Imports are the other major problem. In 1976 they account for 14.1 per cent of the parent steel supply, the highest since 1961. This causing "considerable" concern to the steel industry. For suppliers have consistently been able to sell below the price of the major U.S. product largely because of their hourly employment costs in the case of Japan, to a high rate of productivity.

The poor cash-flow of the industry, hit severely by the recession, will inevitably reduce the amount of re-equipment and modernisation that can take place. This is a serious problem in view of the large amount of old plant which is still in use and the fast rate at which steel-making technology has advanced in recent years. During the 1960s, when profits were relatively good, the obsolete open-hearth furnaces were rapidly replaced with basic oxygen furnaces which made steel in a tenth of the time. Between 1960 and 1973, steelmaking by the basic oxygen route rose from about 5 per cent of the total to over 60 per cent. (The corresponding U.K. figure is 51 per cent.)

Corporate Another means of increasing profitability is to reduce costs. The scope will depend on the level of new investment in the future, but by comparison with its international competitors, the steel industry in the U.S. has a respectable track record for efficiency. In 1973, ten man-hours were required to produce a ton of steel, a performance bettered only in Japan (8.5 man-hours), and markedly superior to the 21.4 man-hours per ton in the British industry. The co-operation of the steelworkers' union in the quest for higher productivity, and hence higher earnings, has become a major factor in this.

The steel industry favours changes in the level and structure of corporate taxation as the solution to the supply of funds problem. In 1975 the AISI put forward a five-point plan for reform. One proposal was for an acceleration in the rate at which capital costs are recovered for tax purposes, reflecting the severe effect of inflation on replacement costs. The other proposals were for a 12 per cent investment tax credit; the immediate write-off of the costs of pollution control equipment; improved provision for encouraging the discovery and exploitation of raw materials, both within the U.S. and abroad, and less onerous corporate taxes.

Estimate

At the same time the efficiency of iron production in blast furnaces and of rolling and finishing was improved. Much of this was achieved by modernising and expanding existing works — the so-called "roundout" or "brownfield" approach — but there were some brand-new "greenfield" projects as well, of which Bethlehem Steel's Burns Harbor works is the latest and largest.

If the steel lobbyists are unsuccessful in this, the reduced investment rates will be necessary. The industry already views with alarm the

AUTHORS WANTED

BY N.Y. PUBLISHER... Leading book publisher seeks authors of all types of fiction, non-fiction, scholarly and religious. New authors welcome. For free booklet, P.N.1, Vantage 216 W. 42nd St. New York 10019.

TEHRAN DAILY 09.55 NON-STOP From May 1st, we'll have non-stop flights to Tehran, right through the week. Leaving Heathrow at a highly convenient 09.55. Arriving in Tehran in time for dinner. And all with the comfort of a 747. Ask your travel agent about our non-stop flights, or any of our eighteen flights a week to Tehran. IRAN AIR The world's best growing airline.

OVERSEAS NEWS

Vietnam to shift another 6m. to rural areas

BANGKOK, April 12 - ANOTHER 6m. of Vietnam's 50m population is to be moved to rural areas, the official Vietnam News Agency said today. A long dispatch written by Nguyen Khai Vien, editor of the Vietnam Courier monthly magazine to mark the second anniversary of the communist capture of Saigon, said two years of "liberation" have failed to convince the Saigonese that working on the land is the best life. "In the south, there are several million people more to doing business than to working with their hands," the article said. Vien estimates only 35 per cent of the people of southern Vietnam live outside the cities and says this must be increased to 70 per cent, which would require a shift of 6m. people to the countryside. Official Government figures say it has moved out of Saigon since the Communist capture on April 30, 1975, most of them to cities, new economic zones, undeveloped jungle or paddy plots. UPI

In the last of his series Lasse Jensen looks at Saigon's decline.

Tattered remains

LANDING AT the airport of Ho Chi Minh City, formerly Saigon, is like walking into a museum. Neatly lined up along the runways of what used to be the world's busiest airport stand the museum pieces: scattered and burnt-out helicopters, transport aircraft, and jet fighters in their hundreds, in sandbagged shelters. Our Russian-built Tupolev jet sits in front of the main terminal building. In the background more than 50 American-built planes are parked, side by side, painted in the Vietnamese colours. A single sentry in green, shabby fatigues, pith helmet and a GI M16 assault rifle slung across his back seems to be the only one guarding the huge area with its enormous arsenal. Our interpreter is from Hanoi. It is his first visit to the South and he does not like what he sees. "It's too dirty and crowded," he says, "and besides, Hanoi girls are more beautiful, they don't use makeup." At first, Saigon looks like Saigon, not like Ho Chi Minh City: crowded, busy traffic, an ocean of boulevards, small streets, shops, street vendors, hawkers. Thousands of Honda motor-bikes roar, ridden by long-haired youths, with girls on the pillion seats, sitting sideways, wearing their traditional silk dresses that flutter in the air. During our first sight-seeing trip we pass the enormous building which was the American embassy. We drive along Tu Do Street, the old pleasure highway of Saigon. Most of the bars, tailor shops, Indian money-changers and airline offices have been closed, most of their owners gone with the Americans. Opposite the Caravelle Hotel, home of hundreds of correspondents and of the Australian embassy during the war, stands the Oriental Palace Hotel where Graham Greene wrote his Quiet American some 25 years ago. At that time the city must have looked as it does today; much more Vietnamese than during the war. Bicycles seem to have reappeared in their thousands. Owners of private cars must leave them at home: only motor-cycles get petrol rations, of five gallons a month. "You have to have a very good excuse to burn petrol alone in a private car," one city official explains. American soldiers no longer stroll down Le Loi Street. Only a small handful of Europeans are left: some Swedish trade delegates, French businessmen, and a few, carefully selected visitors.

The most wanted man in 20 years of guerrilla war is now a deputy Prime Minister.

We cross Newport Bridge, where the Saigon army made its last futile stand. North of the city, on our way to visit a rehabilitation centre for former prostitutes and drug addicts, we pass Bien Hoa air base, once the world's biggest military camp. The barbed wire had rusted, some of it had been removed. Small shops and huts have been erected where the warehouses have been blown up. New names, with banners and slogans are everywhere. "This is not a truly Vietnamese city," one official explains. "It is an Americanised, crime-ridden, overpopulated metropolis which—given time—will become Vietnamese again." He has spent his life here. Before the northern troops arrived he worked as a journalist on the surface, organising resistance underground. Most of the administration is run by the former. Some of the familiar names from the Provisional Revolutionary Government of South Vietnam have been made ministers in the central Government at Hanoi. The most wanted man during 20 years of guerrilla war, Pham Hung—a southerner from the Delta—is now a deputy Premier. He lives in Saigon. "We want to halve the population of Saigon from 4m. to 2m.," an official tells us. "But we have to do it carefully." The first attempts to make people win the peace, North or South, leave were made in 1975. Almost 600,000 went, mostly newly-arrived refugees. "But in our haste we did not prepare adequate housing, foodstuffs, and other supplies, and that created many problems. To-day we arrange these things first and that takes a long time," he says. Ho Chi Minh City has kept many of its vice. Prostitution still exists, black marketeering is rampant. But they are on the

Everyone is required to work with his hands now—a month's compulsory manual labour is the rule for all.

None of the observers I spoke to had seen or heard of mass arrests or executions. One southerner described the allegations as "wishful thinking of refugees." He did say, however, that the process of "re-education" had created problems. High-ranking officers and civil servants, as the old regime "puppets" is the official designation, have now spent more than 18 months being re-educated. Conditions in their camps are reported to be harsh. "They have to learn to work with their hands," one official said. "Everyone is required to work with their hands now. A month's compulsory manual labour, Chinese style, is now the rule for everybody from 'high cadres' downwards. In the countryside, one can see the work in progress. Thousands of young people, knee-deep in mud, digging an irrigation canal with their bare hands, for their food and 6p a day. Irrigation projects have high priority. Although the fertile land of the Mekong Delta could yield several crops a year, a decade of bombing, burning, and defoliation have created massive waste lands which need water. In the South, 16 major irrigation projects have been undertaken, according to the army daily. Nhan Dhan—in 1976, 1,627 canals, 15 dykes and 2,358 dams were built or repaired. The southern provinces of Vietnam today are a highly complex society. Most of the work takes place in the countryside. The key to development is in the rural areas. The cities can wait. But the war was fought where the destruction took place, where the majority lives and the food is produced. In describing the situation in the South in 1977 the westerner always falls into the trap of describing the cities. Ho Chi Minh City is not the South. It is in fact completely different from the rest of the country. Fed and nourished by the war, it grew from a population of less than 1m. in 1954 to 4m. today. But it has a drive and sophistication which seems lacking in Hanoi. The Hondas are beginning to appear in the streets of Hanoi, too. The influx of southern cadres to high Government jobs in Hanoi has created a new atmosphere, different from the austere and disciplined way of life during the war. On the night of our return to Hanoi from the South, we watched a television show, produced in Ho Chi Minh City in a slick, American fashion. It featured Saigon singers rocking away their revolutionary songs. I asked one official in Hanoi—a southerner—who was going to the South, "There are no losers in Vietnam. Only winners. The losers are licking their wounds abroad. During the differences between North and South have been widened. There are different climatic, cultural, and economic systems. A family which has been divided for years acts strangely. Once together again, they learn from each other and become much happier."

Cabora dam electricity reaches S. Africa

JOHANNESBURG, April 12. THE STATE-controlled South African electricity supply commission, Eskom, is receiving its first supplies of power from the Cabora Bassa hydro-electric scheme in Mozambique, and officials here are confident that their full contract will be honoured. Supplies of up to 405MW are already available. When the first and second stages are completed by the end of the year, South Africa would be receiving a total of 1,440MW. By the time the whole scheme is completed in early 1979, Cabora Bassa, which was conceived when the Portuguese were still in control of Mozambique, will have a total capacity of 1,920MW, of which Eskom expects to receive 1,760MW. It is thought likely the price for the power will be dependent on a sliding scale. The original contract rate was R0.3 per kilowatt-hour. But it is understood that the Portuguese-controlled Hydro-electric de Cabora Bassa (HCB) company is seeking a price nearer R0.6. Mozambique is expected to earn some R12m. annually. Supplies from the scheme will now constitute more than 7 per cent of South African electrical consumption, Eskom says, and now amount to only 3 per cent.

Katangans want to oust 'old rulers'

BY OUR FOREIGN STAFF

WHILE THE conflict in Zaïre continues to cause increasing concern in the rest of Africa and beyond, the leadership of the rebel army fighting its way across Shaba province in the Southeast of Zaïre is insisting that it has no secessionist aims. General Nathaniel M'bumba, the leader of the invaders, maintains that their aim is to "drive (President) Mobutu from power and set up a government of national unity. We want new laws, not old, burnt-out rulers," he said in his first interview since the invasion began in early March. Such a declaration is not surprising, given the general sympathy in black Africa to separation and the developing internationalisation of the Zaïre conflict. But the majority of General M'bumba's force is

thought to consist of former members of the Katangese guerrilla forces which fought for secession from the newly-independent and formerly Belgian Congo in the early 1960s. In a telephone interview from Shaba (formerly Katanga) with Inter-Press Service in Rome, General M'bumba said that his Congo National Liberation Front (FLNC) would accept no mediation with respect to the Mobutu Government in Kinshasa whose "whole issue will be liquidated." The general, whose forces have been moving eastwards from the Angolan border towards the key copper-mining centre of Kolwezi, said that he wanted the mines to continue functioning normally. The FLNC had no quarrel with expatriate technicians working on the mines. He alleged that French and Belgian nationals were fighting alongside President Mobutu's forces and that some foreign troops had been advancing on the FLNC positions. The general said that his forces controlled six towns in western Shaba—Matshusha, Kasaji, Kasaji, Sander, Diolo and Kapanga. The general said that thousands of volunteers were joining his forces, which included soldiers from parts of Zaïre other than Shaba. The FLNC had organised people's militias and handled all M'bumba's guns wherever it could. He said that life continued normally in the FLNC-held zone. The general said that President Mobutu's army had no morale. "We have found tank drivers locked in with padlocks. Officers have executed nervous soldiers who have refused to fight us. They have even punished the populations of towns which have staged demonstrations in our favour." Gen. M'bumba, a former Katangese police officer in his mid-forties, who was sacked by President Mobutu's regime, said that the FLNC had not cut the Benguela railway, which runs to Angola through territory which the Front holds, but was not allowing traffic on it. The current military position in Shaba is far from clear. The Kinshasa government last week reported that the rebels were heading towards Kolwezi, where President Mobutu's troops were due in and prepared for defence. Belgian Prime Minister Leo Tindemans in Brussels has denied reports that his government had sent military advisers to Zaïre since fighting broke out.

Ethiopia accuses Sudanese of invasion

ADDIS ABABA, April 12. ETHIOPIA has accused Sudan of sending troops deep into its territory, who it says are locked in battle with Ethiopian defence forces, informed sources said today. The charges were made in a protest memorandum delivered by the Ethiopian Government to the Organisation of African Unity at its headquarters here. The memorandum also accused Sudan of using artillery and tanks against Ethiopian posts on the border between the two countries, and charged that Sudan was "aimed for further invasion of Ethiopia." Sudan gives open support to secessionist guerrilla fighting Government troops in Ethiopia's northern province of Eritrea, and has also given covert support to anti-government forces in the North-west province of Beja and Simale. But there has been no previous report by Ethiopian officials of direct involvement by Sudanese forces and the Right-wing Ethiopian Democratic Front have been reporting considerable successes in recent weeks, including the capture of at least three towns. Reuters

Peres' remarks worry Arabs

By Our Own Correspondent

BEIRUT, April 12. THE ELECTION of Mr. Shimon Peres to lead Israel's ruling Labour Party, a next month's general election, has caused Arab apprehension, which his statements after being chosen as party leader have not quietened. The Damascus daily Al-Bath, which speaks for the ruling Baath party, charged that Israel may now prepare for another war against the Arab States and urged these to remain in state of maximum alert.

Sarkis replaces security chiefs

BY ISHAN HIJAZI

PRESIDENT ELIAS SARKIS has appointed new security chiefs in a reshuffle of some of the major posts in the Lebanese civil service. A civilian, Mr. Farouk Abihamah, was named new head of public security, replacing Col. Antoine Dalal who has been transferred to the diplomatic service. Col. Ahmed al-Hajj, the Muslim army officer who has been commander of the Arab League peace-keeping force, was appointed commander of the "internal security forces" which comprise the national police force and the paramilitary guerrilla commander-in-chief, was reported yesterday to have ordered a ceasefire after visiting the scene of the fighting near the border with Israel. Mr. Arafat's visit there followed talks in Damascus with Syrian leaders. Meanwhile, efforts have been intensified to end the fighting in southern Lebanon and Palestinian guerrillas and Lebanese left-wingers, Mr. Yasser Arafat, the

ON OTHER PAGES International Company News: Grange recovery prospects EIB Euro-7en terms 36/37 Farming and Raw Materials: Nickel supplies Portuguese timber 39



Are you worried about your money as you are to grow old?

The trouble with making it in business is that as you get more money you don't get more time. Time to spend with the many different financial specialists who could make your money work for you—and safeguard your family's future. While you're waiting around in airports or fighting the clock on the M1, you may think about your wife and children but you can't do much for them. Lloyds Bank can help. Behind every Lloyds bank manager lie the resources and skills of Lloyds Bank Trust Division—

Money comes to life at the sign of the Black Horse



WORLD TRADE NEWS

Japanese steel industry facing currency crisis

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, April 12

THE RISE in the value of the yen, which to-night closed at its highest level since November, 1973, has meant that the Japanese steel industry is now exporting at a substantially lower price than in October last year...

Fall in U.K. aerospace exports

By Kevin Done, Industrial Staff

FOR THE first time since 1970 Britain's aerospace exports have been shown to show a marked decline with the value of overseas deliveries falling by more than 50m. in January and February compared with the first two months of last year.

The international bank with special expertise in Saudi Arabia

Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED 99 Bishopsgate, London EC2M 3TB. Telephone: London (01) 638 2323. Telex: 8812261/2.

Hitachi wins Bulkships order

BY JAMES FORTH SYDNEY, April 12

BULKSHIPS, a partly-owned subsidiary of the international transport group, Thomas Nationwide Transport, has placed an order with Hitachi Engineering of Japan for four medium-sized container vessels.

Change of plan on Abu Dhabi gas plant

By James Suxton

AFTER more than three years of negotiation with Western oil companies, Abu Dhabi has decided to finance its \$1.1bn. gas liquefaction plant itself and has awarded contracts to two U.S. engineering concerns.

U.K. hopes on Australian record imports

Financial Times Reporter

THE TIME is ripe to pursue "active discussions" to boost Japanese imports of British accessories and components. This is the view of a 13-man team of Japanese motor industry executives at the end of its three-week mission to Britain at the invitation of the Society of Motor Manufacturers and Traders and the BOTB.

Tristrars for All Nippon

By Our Own Correspondent TOKYO, April 12

ALL NIPPON Airways, the Japanese airline whose purchase of 18 Tristrars from Lockheed Aircraft Corporation gave rise to the Japanese Lockheed Scandal, has bought three more of the aircraft.

Franco-Soviet trade boost

BY ROBERT MAUTHNER PARIS, April 12

M. ANDRE ROSSI, the French Trade Minister, who is currently in Moscow for a French machine tool fair, has forecast that Franco-Soviet trade will triple in the next three years compared with the period 1970-74 and total some Frs.20bn. (about £2.4bn.) by 1980.

U.S. SHOE IMPORTS Anguish in Novo Hamburgo

BY DAVID WHITE IN BRAZIL

NOVO HAMBURGO is a small town in a hilly farmland area of Rio Grande do Sul, Brazil's southernmost state, and the two most distinctive things about it are its telephone directory. It is a short list, taken up largely by names like Becker, Müller, and Schmidt, and by about 70 shoe companies.

Anguish in Novo Hamburgo

BY DAVID WHITE IN BRAZIL

NOVO HAMBURGO is a small town in a hilly farmland area of Rio Grande do Sul, Brazil's southernmost state, and the two most distinctive things about it are its telephone directory. It is a short list, taken up largely by names like Becker, Müller, and Schmidt, and by about 70 shoe companies.

LEGAL NOTICES

NO 80587 of 1977 In the HIGH COURT OF JUSTICE Chancery Division Companies Court, in the Matter of DYNAMIC LIMITED and in the Matter of The Companies Act, 1948.

APPOINTMENTS

ISLE OF MAN based bank invites applications for the position of MANAGING DIRECTOR. The bank which is soundly based with a conservative policy is desirous of expanding its activities internationally.

PUBLIC NOTICES

DUNDEE METROPOLITAN BOROUGH Council has received applications for the issue of a new Certificate of Registration for the year 1977 due July 14 1977 at 8.57.72. Total applications received are 1,050,000.

COMPANY NOTICES

ANGLO AMERICAN COAL CORPORATION (Incorporated in the Republic of South Africa) DECLARATION OF DIVIDEND No. 107

CANON INC.

Advice has been received from Tokyo that the Board of Directors of Canon Inc. on 30th March 1977 have declared a dividend for the period ending 31st December 1976.

COMPANY NOTICES

ANGLO AMERICAN COAL CORPORATION (Incorporated in the Republic of South Africa) JOINT COMPANY ANNOUNCEMENT

CANON INC.

Advice has been received from Tokyo that the Board of Directors of Canon Inc. on 30th March 1977 have declared a dividend for the period ending 31st December 1976.

COMPANY NOTICES

ANGLO AMERICAN COAL CORPORATION (Incorporated in the Republic of South Africa) JOINT COMPANY ANNOUNCEMENT

CANON INC.

Advice has been received from Tokyo that the Board of Directors of Canon Inc. on 30th March 1977 have declared a dividend for the period ending 31st December 1976.

هذا من الاصل

هكذا من لاصول

all in UK
erospace
ports
Kevin Don, industrial
THE first time since
ain's aerospace share
e begun to show a
time with the value of
deliveries falling to
£6m in January
two months of
figures produced by
society of British
panies show that
led £65.5m in February
of £2.3m in February
uary last year, and
two months of
falls fell by just over
£1.6m.
The export performance
suggests that the
d face great difficulties
ating last year's
ormance and the
hases the scale of
blems that will face
ospace, the
oration that will
stry after visiting
29.

ange of p
Abu Dhabi
s plant
James Suxton
more than three
ation with Western
ates, Abu Dhabi has
ance its 51%
action plant itself
ed contracts to
ering concerns
tel said yesterday
co that it had
d a \$400m contract
ering and construction
ement of two natural
Earlier Fluor said
contract estimated at
for design, engineering
construction manager
a gas plant
completed the
e daily more than
feet of gas which
o produce 188,000 lb
butane and
The project is
elected in 42 months
Dhabi originally
Abu Dhabi Petroleum
ince a design for
in 1973. Last April
shareholders of
40 per cent of the
the Abu Dhabi
company's 80 per
an outline agreement

agreement
Plant International
of the Mitchell
has concluded
ing agreement
Development Co
New York, with
Texas coal gas
which is now
This process
the Mitchell
international
meeting companies
expand its modern
33.



Photograph: Gus Wynn

Topping topping

Bitumen, as a surfacing for roads like the stretch of A-45 between Ipswich and Felixstowe shown here, is one of the best materials available. Absolutely topping, as they used to say. It's economical, easy to apply, long-lasting.

And the nice thing is, bitumen comes from the bottom of the oil barrel to help us make the most of an increasingly valuable resource. By producing bitumen from the sticky residue at the barrel's bottom, we make the whole barrel more useful.

The bitumen serves this country's need for new, improved roads. And it makes good business sense for us to coax as many uses as possible from a vital energy source. (Some of the other products from petroleum are chemicals, waxes, and greases—all from the same basic raw material.) We've only been in the road surfacing business for three years—after almost 100 years as a major petroleum company in Britain. Still, by last year we had become one of the country's important bitumen suppliers.

We're regularly coming up with new formulations for road surfacing at our laboratory in Coryton. Another service of our Coryton lab involves free advice for towns and cities having trouble with their road surfaces. That service has proved extremely helpful, we're told.

All this just goes to show, we suppose, that—if you're ingenious and hard-working, and a little bit lucky in this business—after 100 years you'll wind up tops at the bottom.



FINANCIAL TIMES Oil and the Norwegian Economy CONFERENCE

A nation's finances begin to reap the benefits

BY FAY GJESTER

OSLO, April 12

had to some extent reduced the competitiveness of industries. The large payments deficits of recent years had reflected the effects of the Government's counter-cyclical policies, as well as heavy North Sea investment and the continuing sluggish shipping market.

of Norwegian banks," and Mr. Lars T. Platou, first vice-chairman of the Norwegian Conservative Party, discussed the effects of increased State involvement in Norwegian banking.

another would be increasingly dominant. Technical factors, such as new investment in non-oil energy sources, would be of secondary importance.

Borrowers

Mr. Kleppe appealed for more expansionary economic policies by countries with strong external payments positions and low inflation rates. There was little doubt to be found, he said, in the present policy stance of some leading industrialised countries.

Mr. Platou pointed out that increased public participation in banking had been part of the Norwegian Labour Party programme for many years. Originally, the demand had been for "socialisation" or "nationalisation" of the commercial banks.

He revealed, however, that even in the short term, there was now greater uncertainty about the rate at which production would rise. New output forecasts implied a lower level of production over the next few years than the 90m. tonnes of oil equivalents a year often mentioned as a "moderate" depletion rate.

Security and strategic problems in the north were the topics for the last two speakers at yesterday's session. Mr. Johan Joerges Holst, Under Secretary of State in the Norwegian Ministry of Defence, said that Russian land forces on the Kola peninsula, while significant, were hardly overwhelming, when compared to the forces maintained by Russia in other areas.

Banking

Mr. Berger A. Lenth, deputy managing director of Den Norske Creditbank, Norway's largest commercial bank, spoke on "Increasing the international role of the Norwegian krone."

His comments seemed to conflict, to some extent, with the views expressed by Lord Chalfont, a former U.K. Minister of State for Foreign Affairs, who spoke after him. Lord Chalfont gave considerable weight to the imbalance of forces on the Soviet and Norwegian sides of the border.

Strategy

On the Norwegian economy generally, the Minister said the country had come through the deep world recession with rising production and a high level of investment. Exports of goods and shipping services had been severely hit, but, in contrast with most other nations, Norway had managed to keep unemployment down to a reasonable level.

Mr. David Thomson, director of Lazard Brothers, spoke on the prospects for a recovery in shipping—still an important industry in Norway. He said the determining factors were likely to be international political and economic themes in which Government action of one sort or another would be increasingly dominant.

Technical

It was not surprising he declared that the non-Socialist Opposition had pledged itself to repeal the new law if it won a majority in the September Parliamentary elections.

Mr. Platou added, only small additional changes would be needed "to tighten drastically the public grip on the banks."

Banking

Mr. Berger A. Lenth, deputy managing director of Den Norske Creditbank, Norway's largest commercial bank, spoke on "Increasing the international role of the Norwegian krone."

Mr. David Thomson, director of Lazard Brothers, spoke on the prospects for a recovery in shipping—still an important industry in Norway. He said the determining factors were likely to be international political and economic themes in which Government action of one sort or another would be increasingly dominant.

HOME NEWS

Cash for Scottish industry

THE SCOTTISH Development Agency yesterday announced a series of five industrial investments totalling £500,000 in ventures ranging from ship repairing to metal galvanising.

Among them is a 26 per cent stake in ClydeDock Engineering, the new Upper Clyde ship repair company, which began work yesterday on its first vessel at the former Alexander Stephens repair yard at Govan.

ClydeDock, which has other backing from Scottish businessmen, has four other vessels booked in over the next month, and expects to build up its workforce from the present 100 to about 200 early next year.

Another agency investment is of £95,000 in a new company, Highland Metals, which is establishing a galvanising business in Elgin in an agency-built factory.

Report may spotlight role of British Shoe

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

PRESSURE ON the Government for an examination of the role of Sir Charles Clore's British Shoe Corporation in the troubled footwear industry is likely to be renewed with the eventual publication of a confidential report now under consideration by Mr. Eric Varley, the Industry Secretary.

The report, compiled after two years' study by a steering group on which management, unions and Government were represented, calls for £11.2m. of State aid to modernise and restructure the industry.

Weak demand and rising imports have cost 11,000 jobs in the past three years, and 6,000 of the 74,000-strong labour force remain in work only because of the Government's temporary employment subsidy.

THE DEATH in a car accident at the weekend of Mr. Nigel Moores, 40-year-old son of the managing director of the Littlewoods Organisation, is unlikely to make a difference to the way Britain's largest private company is run.

It takes a very cautious line about footwear retailers to the Price Commission. The steering group reports that gross margins in footwear retailing have risen faster since the war than margins in retailing generally, and, with two exceptions, were higher in 1971—the latest statistics available—than in any other of the 23 sectors for which data is provided.

Such an investigation should cover all footwear distribution, the report says. The Office of Fair Trading has been investigating whether there is a case for a monopoly product planning and financial control. The industry's overall pre-tax profit margin on sale has fallen to less than 4 per cent. Prices Secretary, is considering and, on inflation accounting referring the profit margins of criteria, a loss is being suffered.

All distribution

Such an investigation should cover all footwear distribution, the report says. The Office of Fair Trading has been investigating whether there is a case for a monopoly product planning and financial control. The industry's overall pre-tax profit margin on sale has fallen to less than 4 per cent. Prices Secretary, is considering and, on inflation accounting referring the profit margins of criteria, a loss is being suffered.

Littlewoods changes unlikely

THE DEATH in a car accident at the weekend of Mr. Nigel Moores, 40-year-old son of the managing director of the Littlewoods Organisation, is unlikely to make a difference to the way Britain's largest private company is run.

Fund launched to fight Windscale building plan

FRIENDS OF the Earth, the conservationist pressure group, has launched an appeal for a £25,000 fighting fund to help meet legal and other expenses in presenting its case at a public inquiry into plans to build a reprocessing plant at Windscale to separate plutonium from spent nuclear fuel.

Organisations supporting Friends of the Earth's fight include the Town and Country Planning Association, the National Council for Civil Liberties, the Nature Resources Defence Council, the U.S. Network for a Nuclear Free World, the Socialist Environment and Resources Association.

Fridge sales up

REFRIGERATOR SALES, manufactured and imported, reached 81,450 in January, an increase of 9 per cent on the same month last year. According to the Food Freezer and Refrigerator Council, exports of domestic refrigerators in January totalled 17,222 units, valued at £1.1m.

Most of the day-to-day business decisions are taken by directors who do not belong to the family. The pools business is run separately from the mail order and retailing side. When Littlewoods took the unprecedented step last year of announcing its financial results, it did not include the pools turnover. Excluding pools (estimated turnover about £140m.), the organisation had sales of £408m. in 1976 through its shops and mail order catalogues. Pre-tax profits, which included a contribution from pools, totalled £31.6m.

State freight body joins export group

THE NATIONAL Freight Corporation has become a full member of the Nationalised Industries Overseas Group. The group was formed in January to encourage nationalised industries to collaborate with each other to improve exports.

Savings Bonds exchange offer

THE TREASURY is to make a conversion offer to holders of 7 per cent British Savings Bonds (sixth conversion issue) issued on March 1, 1972, and July 15, 1972. These bonds mature on August 15 this year and are repayable on application at £103 per cent upon maturity.

Other articles will look at the results of regional policy at the new kind of inter-regional problems caused by the flow of population and jobs from the older cities.

State freight body joins export group

THE NATIONAL Freight Corporation has become a full member of the Nationalised Industries Overseas Group. The group was formed in January to encourage nationalised industries to collaborate with each other to improve exports.

Savings Bonds exchange offer

THE TREASURY is to make a conversion offer to holders of 7 per cent British Savings Bonds (sixth conversion issue) issued on March 1, 1972, and July 15, 1972. These bonds mature on August 15 this year and are repayable on application at £103 per cent upon maturity.

Other articles will look at the results of regional policy at the new kind of inter-regional problems caused by the flow of population and jobs from the older cities.

State freight body joins export group

THE NATIONAL Freight Corporation has become a full member of the Nationalised Industries Overseas Group. The group was formed in January to encourage nationalised industries to collaborate with each other to improve exports.

Savings Bonds exchange offer

THE TREASURY is to make a conversion offer to holders of 7 per cent British Savings Bonds (sixth conversion issue) issued on March 1, 1972, and July 15, 1972. These bonds mature on August 15 this year and are repayable on application at £103 per cent upon maturity.

A FINANCIAL TIMES SURVEY

REGIONAL DEVELOPMENT

May 17 1977

The Financial Times is preparing to publish a survey of regional development on May 17 1977.

The survey will include separate articles on the development areas of the United Kingdom; it will also examine the relationship between EEC and U.K. regional objectives and policies. A summary of the proposed synopsis is set out below:

INTRODUCTION The background to and the possible consequences of the Government's review of regional aid policy.

INSTRUMENTS OF POLICY The present mix of regional aids and controls on factory and office development in non-assisted areas.

INFRASTRUCTURE The contribution improved infrastructure can make to regional development.

THE EEC DIMENSION The relationship between EEC and U.K. regional objectives and policies.

SCOTLAND North Sea oil has given a powerful boost to parts of the Scottish economy, but many problems remain.

NORTH-EAST ENGLAND The prospect of great autonomy for Scotland has raised fears that the North-East may be outbid in attracting new industries.

NORTH-WEST ENGLAND The special plight of Merseyside is not eased by the ageing industrial pattern and obsolete infrastructure of parts of the region.

EAST AND WEST MIDLANDS The economic recession has aroused fears that parts of the Midlands may be beginning to suffer from structural problems.

YORKSHIRE AND HUMBERSIDE Various factors have helped to shield the region from the worst of the recession, but trouble spots remain.

NORTHERN IRELAND Ulster may offer the most generous regional aids in the U.K., but the local economy has been weakened by recession and political unrest.

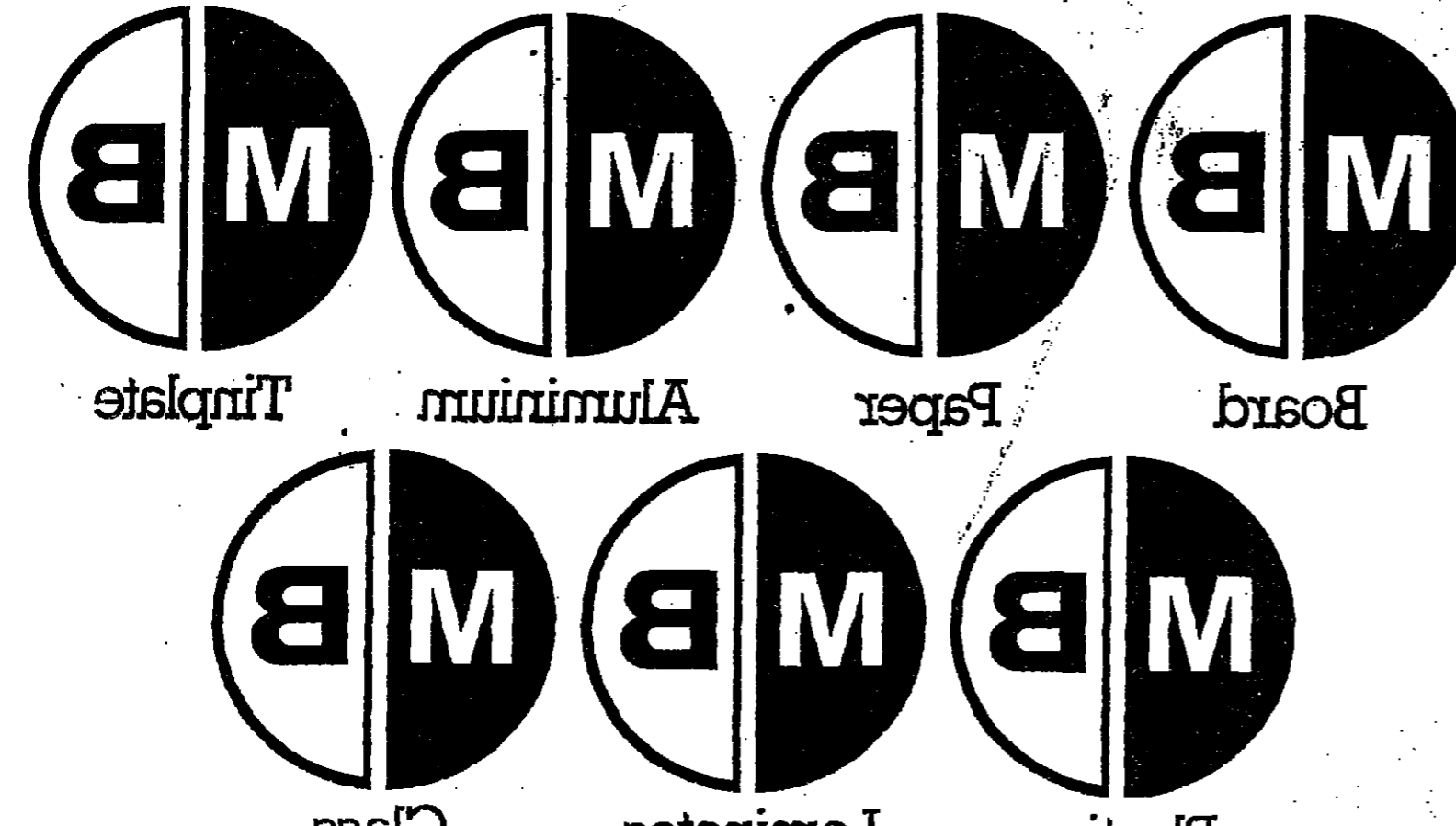
WALES Will devolution help the Welsh Development Agency in tackling the structural problems of the Welsh economy?

Other articles will look at the results of regional policy at the new kind of inter-regional problems caused by the flow of population and jobs from the older cities.

The proposed publication date of the survey is May 1977; copy date is May 6. For full details of the survey and advertising rates, contact Kenneth Swan, 01-248 80 extension 631, Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Telex: 885033.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication date of Surveys in the Financial Times are subject to change at the discretion of the Editor.



Developing all sides of packaging: it's Metal Box's business.

Metal Box designs and makes packaging in all these materials. In fact, wherever new materials are being developed to solve new packaging problems, Metal Box will certainly be amongst the leaders. And we not only make the packages themselves: we design and build the production systems that fill them, and provide a whole range of consultancy and after-sales services to help our customers use their plant and products more efficiently and profitably. It's the kind of complete packaging service that has built Metal Box into an international leader—manufacturing throughout the UK, mainland Europe, and in 12 countries in other parts of the world; with satisfied customers in many more, and with total world sales of over £520 million.



Box 10 1550

HOME NEWS

Brae Field oil find, but potential uncertain

BY RAY DAFTER, ENERGY CORRESPONDENT

THE PARTNERS involved in the Brae Field oil find, the brightest prospect in the U.K. sector, industry reports suggest had more oil and reserves than previously identified...

Magnus Field commercial

ACCORDING TO industry reports British Petroleum has made a successful appraisal of its Magnus Field on block 211/12.

BNOC abandons dry hole

THE BRITISH National Oil Corporation subsidiary, BNOC, reports that the fourteenth well drilled on the prospective block 211/18 has been abandoned as a dry hole.

Work halted

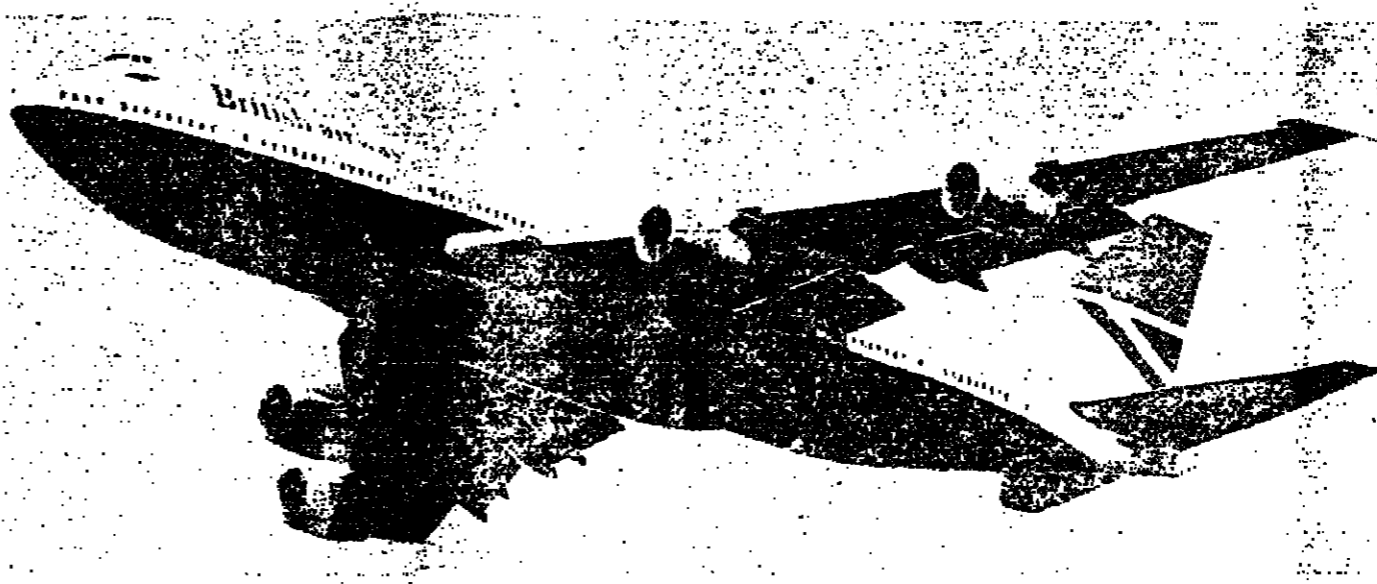
FURTHER exploration in the French Mer D'Iroise sector by Elf Aquitaine was unlikely this year in view of the Anglo-French dispute over the median line in that part of the English Channel.

BP in joint Gabon deal

BP, IN PARTNERSHIP with three German groups, has signed a production sharing contract with the Government of Gabon.

Drilling starts on Irish well

IRISH SHELL Petroleum Development has completed the preparatory work for an offshore drilling programme off the west coast of Ireland.



R-R jumbo for Britain this month

British Airways hopes to take delivery later this month of its first Boeing 747 Jumbo jet powered by Rolls-Royce RB-211 engines.

Rent panels 'biased'

MR. FRANK ALLAN, Labour MP for Salford East, told Young Socialists in Blackpool yesterday that usually two out of three members of rent assessment committees were biased in favour of high property values.

Birmingham motor show will be Britain's biggest

THE first International Motor Show to be held at the Birmingham National Exhibition Centre in October, 1978, will be the largest British motor show exhibition staged.

Budget offices

BUDGET Rent a Car will open an office to serve Gatwick Airport on Friday. This will bring its U.K. network to 120 offices.

Now, London to Cape Town non-stop. SAA South African Airways. Where no one's a stranger.

Why the Post Room should be on the agenda of your next Board Meeting

- Chances are your post room jogs gently along. It doesn't bother the Board; the Board doesn't bother it. Chances are, also, that this cosy state of affairs is costing you unnecessary money, time and effort.

less than the cost of running your own vans. And you'll find us flexible on dimensions and packaging requirements. Door-to-door security. Datapost is for people who regularly need secure, courier-style, overnight delivery of urgent packages of any kind.

TAYLOR, PALLISTER & COMPANY LIMITED. Chairman's Statement in respect of the Final Dividend. Group Sales were £206,682 higher at £1,982,020 of which £787,122 (38.71%) represented direct exports.

Wrap up the parcel problem. You already know, of course, that we deliver regularly and swiftly to any address in the country. But we offer many special facilities for the businessman.

Stimulating Sales. Direct mail, or advertising through the post, is flexible, selective and personal. It secures the recipient's undivided attention.

The one who finds the answers. Your local Postal Service Representative can give you advice on any postal service, including those mentioned above. The PSR will also tell you about special courses run by the Post Office for post room staff.

HOME NEWS

LABOUR NEWS

SNP surges ahead in poll

By Roy Perman, Scottish Correspondent

WITH THREE WEEKS to go to the Scottish local government elections the Scottish National Party has emerged with a commanding lead over the other parties. An opinion poll published yesterday gave it 36 per cent. of the vote compared with 27 per cent. each for Labour and the Tories.

The SNP will fight 450 seats of the 777 in 53 district council elections. In 1974 it fought 266 seats in the first contests for the newly reorganised authorities.

In Edinburgh the party will challenge the Tories for leadership. Mrs Jeanette Jones, vice-chairman of the SNP, said nationalist could win control of nine district councils.

But they are avoiding a decisive contest in three major cities. In Dundee nationalists are not contesting any seats. In Aberdeen they are fighting eight of 48 and in Perth they are fighting only seven of 29.

A very significant finding is that among 18-34-year-old voters the percentage supporting the SNP rose to 48, compared with 25 for Labour, and 17 for the Tories.

Submarine in plastic

VICKERS Slingsby engineers have built what is claimed to be the world's first plastic mini-submarine. The submarine, which costs £500,000, has been a closely-guarded secret for two years.

Japanese cars in new ranges

TWO JAPANESE car manufacturers are introducing new ranges on the U.K. market. Mitsubishi Motors has revamped its Lancer models, while Honda is introducing a series of improvements to its Civic 1200s.

Port Talbot strike costs BSC £26m. in lost output

By Nick Garnett and Roy Hodson

LOST STEEL production at the Port Talbot works because of the electricians' strike has cost the British Steel Corporation about £26m. up to today. Losses will continue to accumulate at a rate of nearly £2m. a day until the dispute is settled.

The cost to the company will be hit first and most severely by a prolonged Port Talbot strike as the expansion of Port Talbot while the tinplate users. All tinplate production goes into tin cans and packaging boxes for biscuits and other goods.

New move by Government against steel dumping

By Roy Hodson

THE GOVERNMENT has followed its anti-dumping action against some Spanish steels by taking a similarly strong line against some Japanese steel imports into Britain.

A provisional duty of £20 a tonne has been imposed on Japanese steel imports while the Department of Trade continues its investigations into allegations by the British steelmakers that the imports have been dumped at prices.

The Government is still looking into a third serious allegation made by the British producers that some South African steels are coming into Britain at dumping prices. The private sector of British steel-making has been particularly concerned by their long campaign against dumping.

Nuclear power station contracts with U.S. threatened

Spain unhappy over Carter policy

By David Fishlock, Science Editor

SPAIN MAY be the first nation to retaliate against what it sees as the unwarranted interference in its energy policy implied by President Carter's statement last week. The Spanish Government is reported to be very unhappy over the reluctance of the U.S. Government to grant export licences for light water reactor (LWR) components and for the transfer of U.S.-enriched spent nuclear fuel to Britain for reprocessing.

Spain, which embarked on a major nuclear electricity programme to avoid dependence on the oil-producing nations, now feels it has been let down by the U.S. LWR and fuel suppliers to which it committed itself. Although Spain is not yet a signatory to the non-proliferation treaty, it accepts that its signature would be a condition of its admission to the IAEA.

North Wales. British Steel management sees the role of the Shotton as an emergency supplier during the dispute as early indication of the recent explanation by Sir Charles Villiers, chairman of British Steel, that one of the reasons he intended to keep Shotton in production for several years to come was as an "insurance" while the expansion of Port Talbot was proceeding.

The other big Welsh steel-works, Llanwern, at Newport, does not make hot rolled coil to the specifications needed by the tinplate plants. But if the dispute at Port Talbot continues there are contingency plans to modify the Llanwern rolling mills and use some of its steel for tin plate.

Nebraska buys 71% stake in Mollart Engineering

By Roy Hodson

THE NATIONAL Enterprise Board has bought 71 per cent. of the issued share capital of Mollart Engineering, which specialises in high-quality work from a former Mollart director and two large shareholders, S. Pearson and Son, and Prudential Insurance.

The Mollart family will retain 29 per cent. of the company and Mr. Ken Mollart will continue as chairman and managing director. An important part of the Mollart range is the gun drilling machine tool. Mollart is the only British manufacturer.

Heavy trucks 'would aid exporters'

By Kevin Done, Industrial Staff

HIGHER WEIGHT limits for heavy lorries would bring immediate economic benefits for haulage operators and ultimately would benefit exporters and importers, according to the Freight Transport Association.

Engineering talks in new forum this week

By Our Labour Correspondent

ENGINEERING UNION leaders and employers will meet this week for the first time in a revised national forum designed to give both sides a regular chance to air the industry's labour and other problems.

Transport union leaders favour incomes policy

By Christian Tyler, Labour Correspondent

LEADERS of the Transport and General Workers' Union, the biggest in the country, will be supporting the principle of another round of incomes policy after July in the face of a mass of resolutions opposing it from branches and trade group committees.

The union's lay-member general executive council has tabled a resolution for the union's biennial conference at the beginning of July which says that an orderly return to voluntary collective bargaining should begin in August this year.

Jobless 'will top 2m. this year'

By Our Labour Correspondent

MORE THAN 2m. unemployed employment will rise to and inflation running at 14-15 per cent. by the end of this year are forecast by the Association of Scientific, Technical and Managerial Staffs.

Concorde follows protests

By Our Labour Correspondent

BRITISH AIRWAYS will follow the Concorde pilot training programme back to Gloucestershire, from Brize Norton, West Oxfordshire, following protests about the first of the two-week training sessions earlier this year.

PO engineers want change in marketing

By Our Labour Staff

THE POST OFFICE Engineering Union, which represents more than 120,000 workers, wants a more effective marketing policy for the Post Office.

PCWER-producing fast breeder reactors

Table with columns: Nation, Project, MW, Electrical, Comment. Rows include USSR BN-350, USSR BN-400, France Phenix, France Superphenix, U.K. PFR, U.K. CFR1, West Germany SNR-300, West Germany Superphenix 2, Japan Monju, U.S. Clinch River.

Dustmen protest

Refuse collectors in Liverpool turned up for work yesterday even though they had been given the day off in lieu of the Queen's Silver Jubilee holiday.

Shinbuilding plan

MEASURES to tackle the crisis in the shinbuilding industry have been requested by the International Metalworkers' Federation, including sharing orders, co-ordinating investments and shorter working hours.

Ruovcott

The Merchant Navy and Airline Officers' Association has instructed its members employed by Trinity House to refuse to cooperate in the phoney vote on the system of bays used by the International Association of Lighthouse Authorities.

Engineering talks in new forum this week

By Our Labour Correspondent

ENGINEERING UNION leaders and employers will meet this week for the first time in a revised national forum designed to give both sides a regular chance to air the industry's labour and other problems.

Mr. Ray Gunter

MR. RAY GUNTER, who became Minister of Labour after the 1964 Labour general election victory with the words that he had inherited the "bed of nails," died yesterday aged 67.

IN BRIEF

AUEW candidate

Mr. Roy Fraser, chairman of the unofficial committee which led the Leyland Toolmen strike, has been nominated in the election for a successor to Mr. Hugh Stanton as president of the Amalgamated Union of Engineering Workers. The first ballot is in the autumn.

Strike continues

A meeting of 60 journalists at the East Midlands Allied Press Group in Kettering, Northants, decided yesterday to continue with their 18-week-old strike.

Disabled guide

The low number of registered disabled people employed in the public sector is disturbing, says Mr. John Grant, Under Secretary for Employment. A guide for employers encouraging the employment of disabled workers is to be published by the Manpower Services Commission and the National Advisory Council on Employment of Disabled People.

Classified Advertisements Rates

Table with columns: Industrial and Business Premises, Business for Sale/Wanted, Residential Property, Appointments, Business & Investment Opportunities, Corporation Loans, Plant & Machinery, Production Capacity, Education, Motor Contracts & Tenders, Personal Gardening, Hotels & Travel, Book Publishers, Premium positions available. Rates per line from 12th April 1977.

Obituary

MR. RAY GUNTER, who became Minister of Labour after the 1964 Labour general election victory with the words that he had inherited the "bed of nails," died yesterday aged 67.

IN BRIEF

Mr. Roy Fraser, chairman of the unofficial committee which led the Leyland Toolmen strike, has been nominated in the election for a successor to Mr. Hugh Stanton as president of the Amalgamated Union of Engineering Workers. The first ballot is in the autumn.

Strike continues

A meeting of 60 journalists at the East Midlands Allied Press Group in Kettering, Northants, decided yesterday to continue with their 18-week-old strike.

Disabled guide

The low number of registered disabled people employed in the public sector is disturbing, says Mr. John Grant, Under Secretary for Employment. A guide for employers encouraging the employment of disabled workers is to be published by the Manpower Services Commission and the National Advisory Council on Employment of Disabled People.

Dustmen protest

Refuse collectors in Liverpool turned up for work yesterday even though they had been given the day off in lieu of the Queen's Silver Jubilee holiday.

Shinbuilding plan

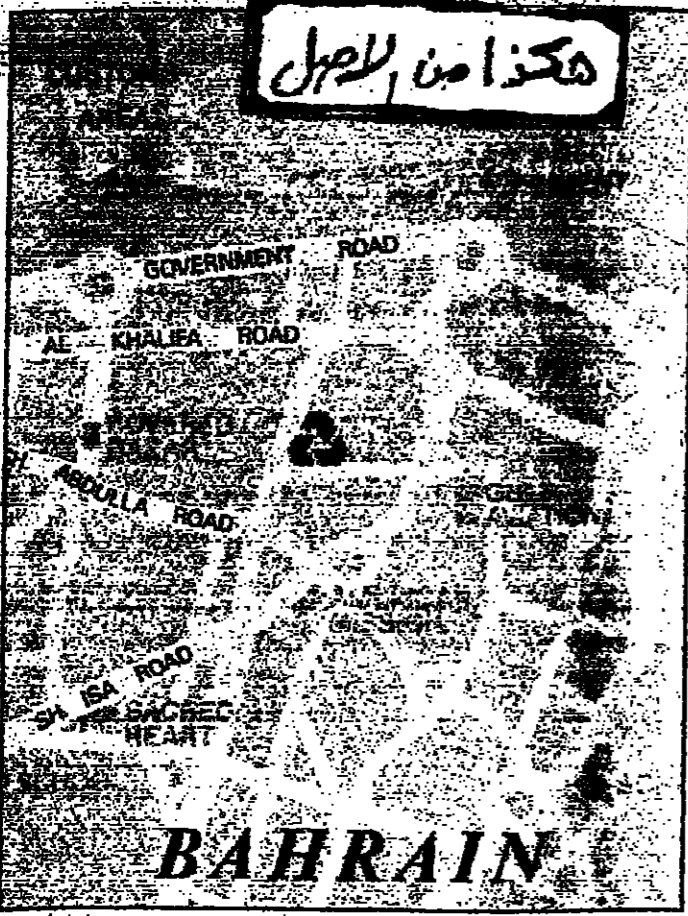
MEASURES to tackle the crisis in the shinbuilding industry have been requested by the International Metalworkers' Federation, including sharing orders, co-ordinating investments and shorter working hours.

Ruovcott

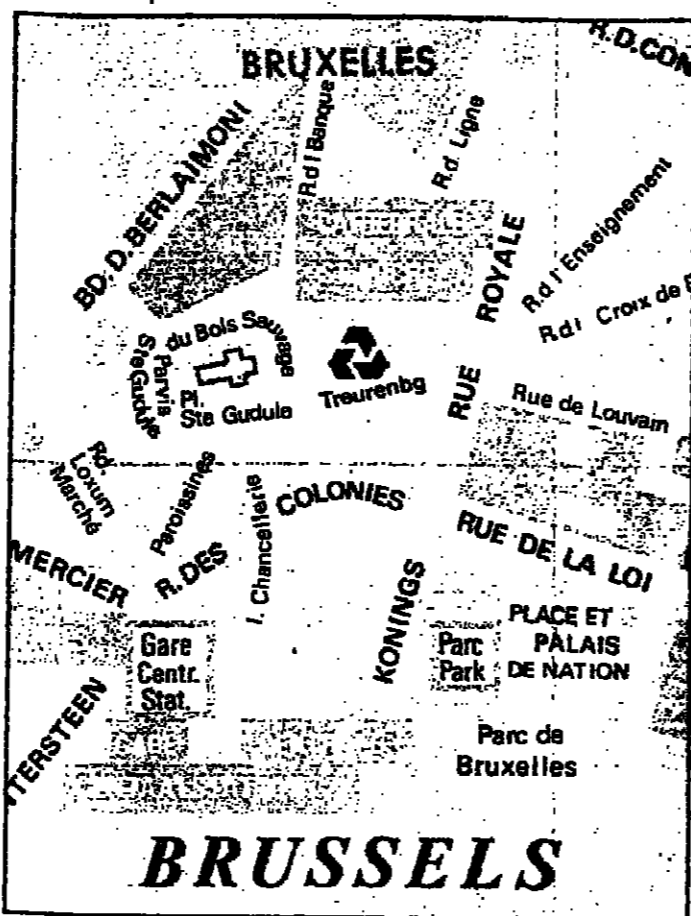
The Merchant Navy and Airline Officers' Association has instructed its members employed by Trinity House to refuse to cooperate in the phoney vote on the system of bays used by the International Association of Lighthouse Authorities.

Vertical advertisements on the right edge of the page, including 'SINGAPORE' and 'Financial Times'.

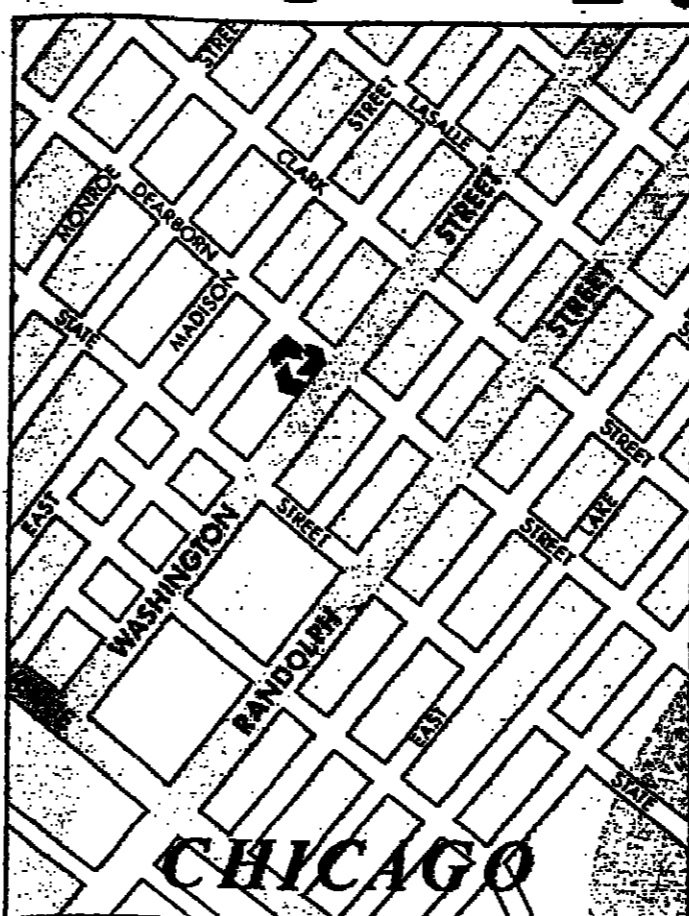
NatWest International is right up your street.



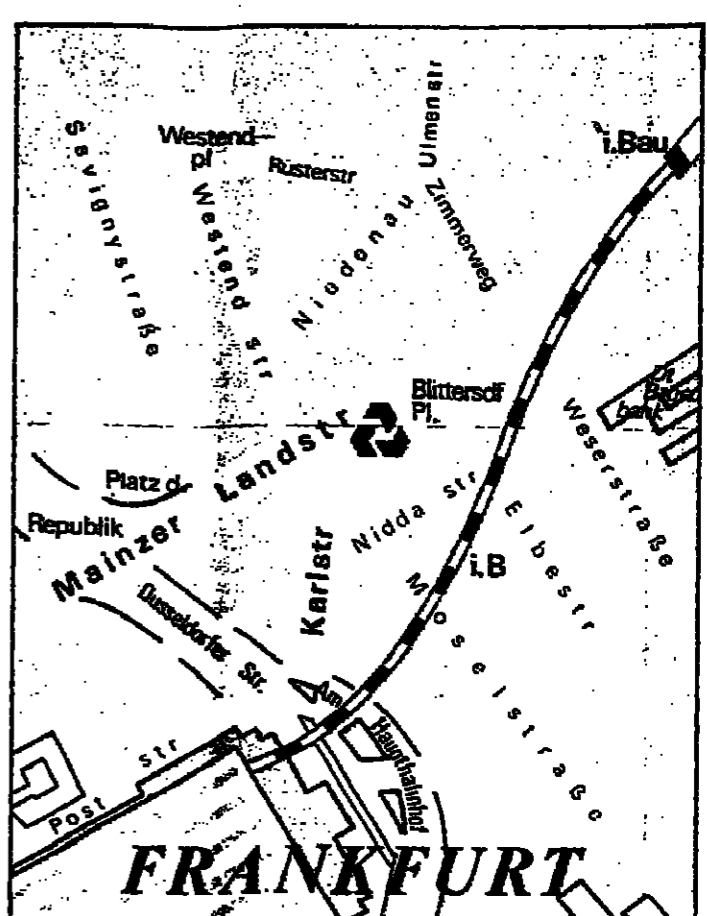
BAHRAIN



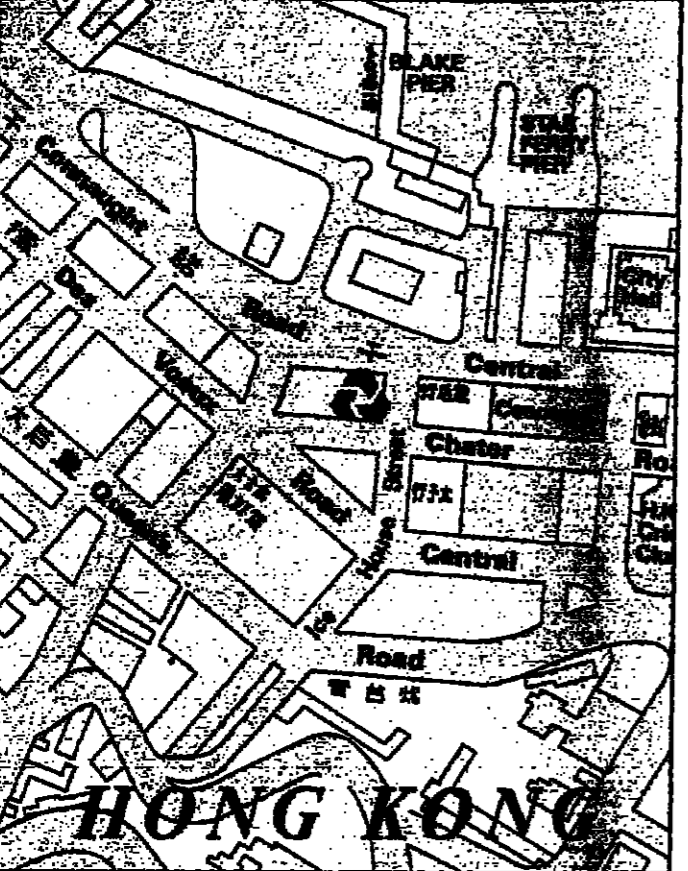
BRUSSELS



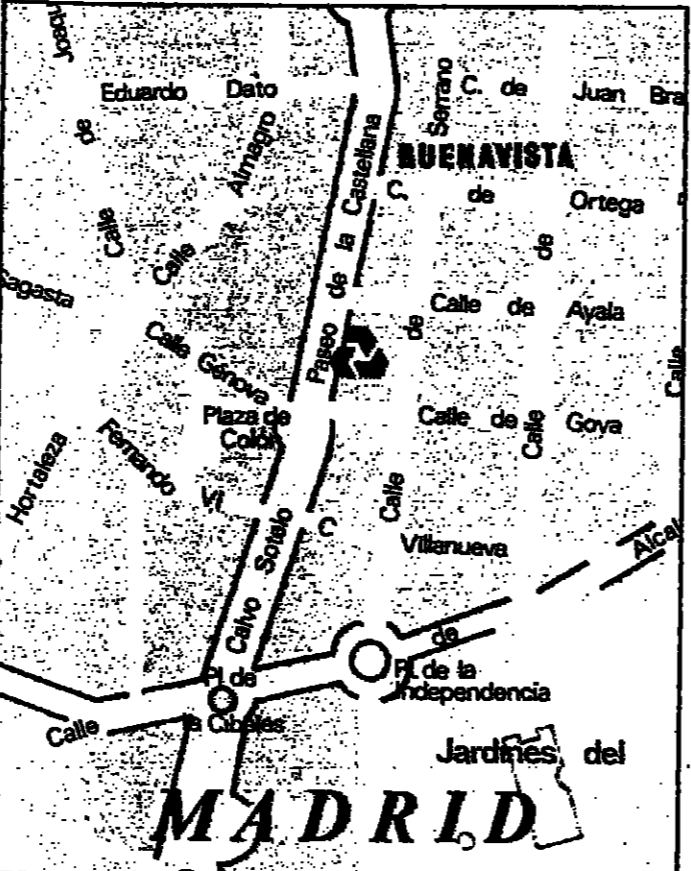
CHICAGO



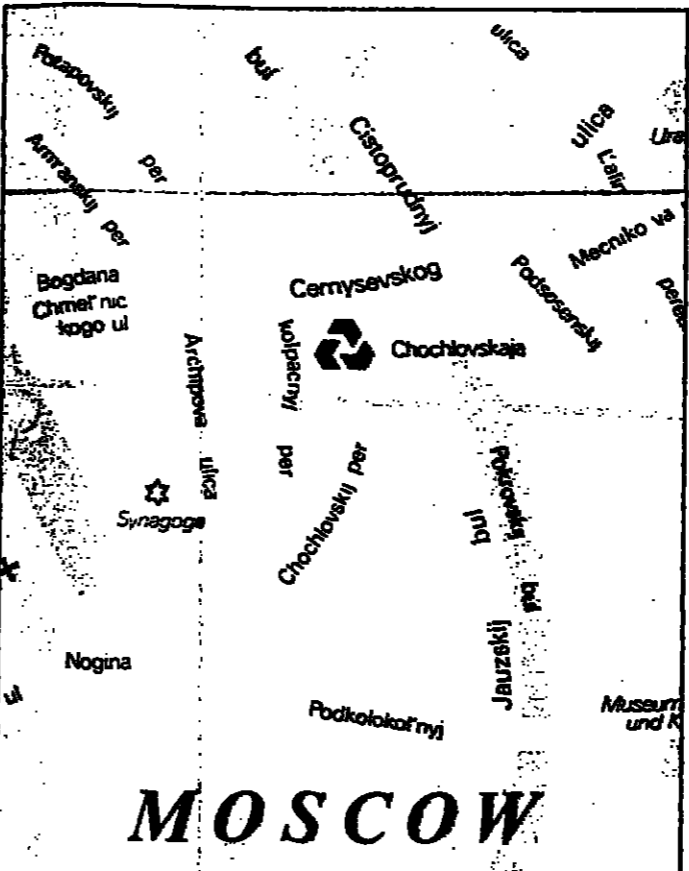
FRANKFURT



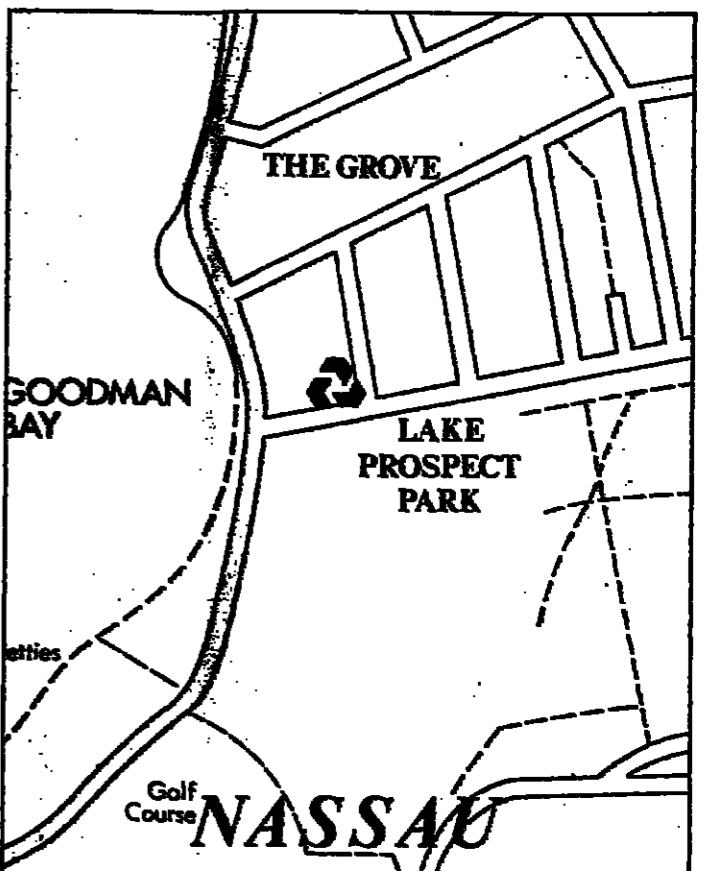
HONG KONG



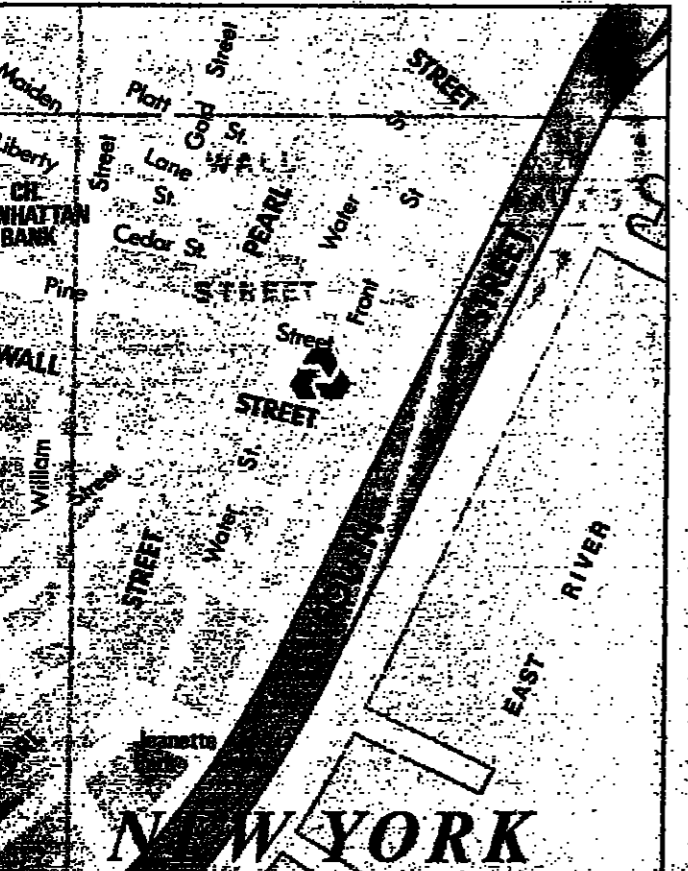
MADRID



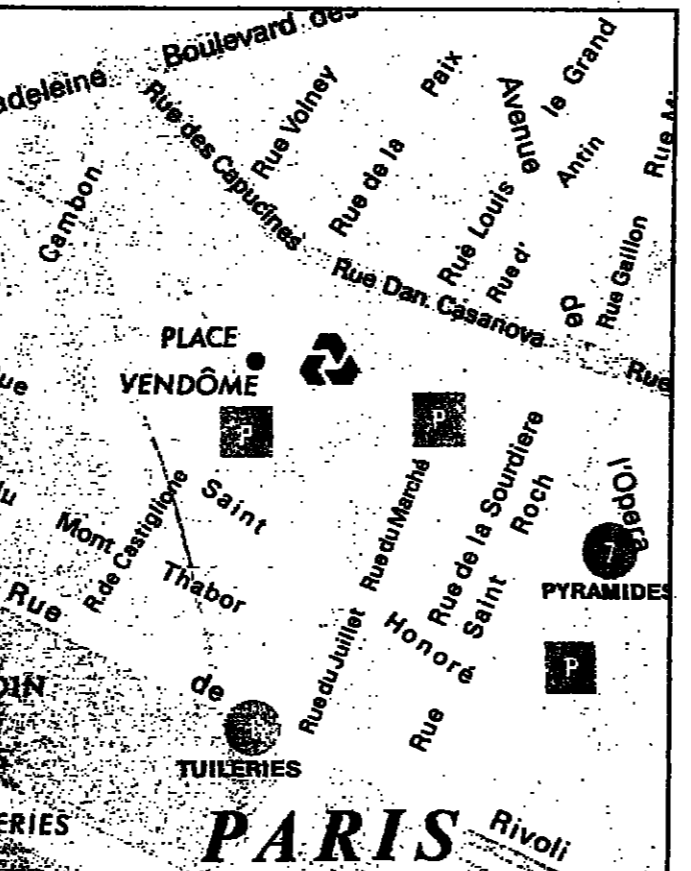
MOSCOW



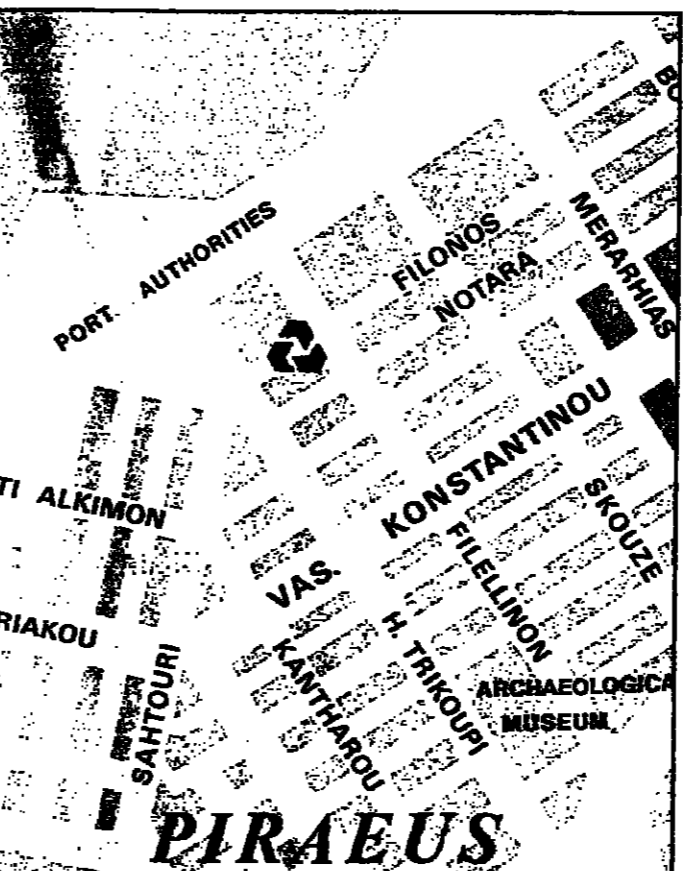
NASSAU



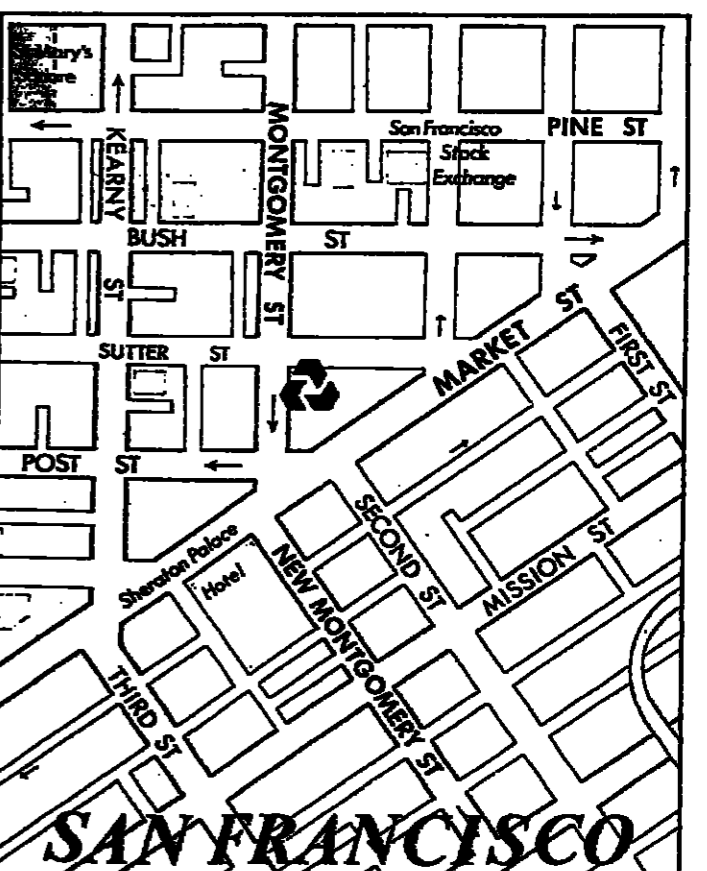
NEW YORK



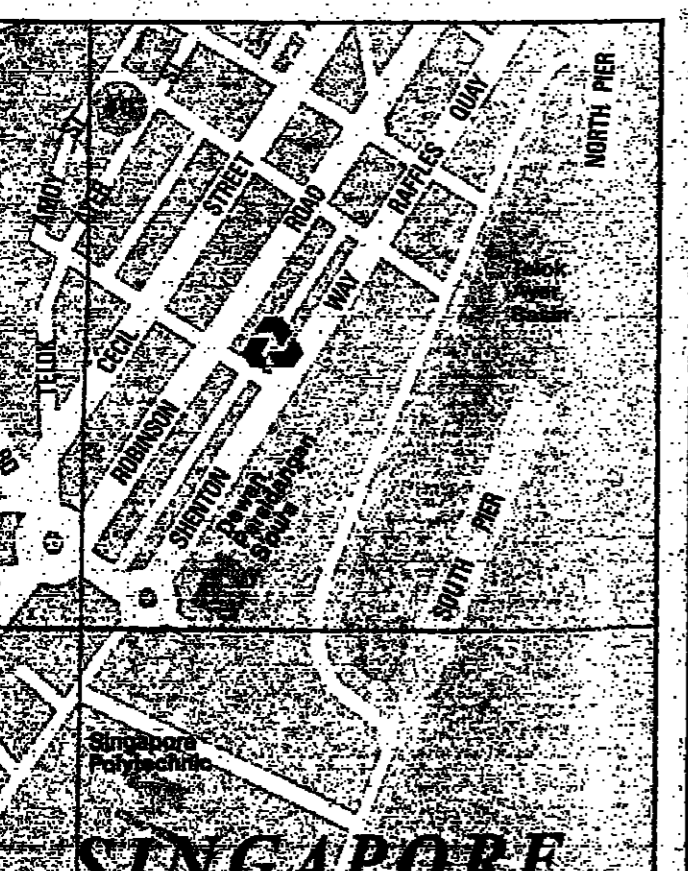
PARIS



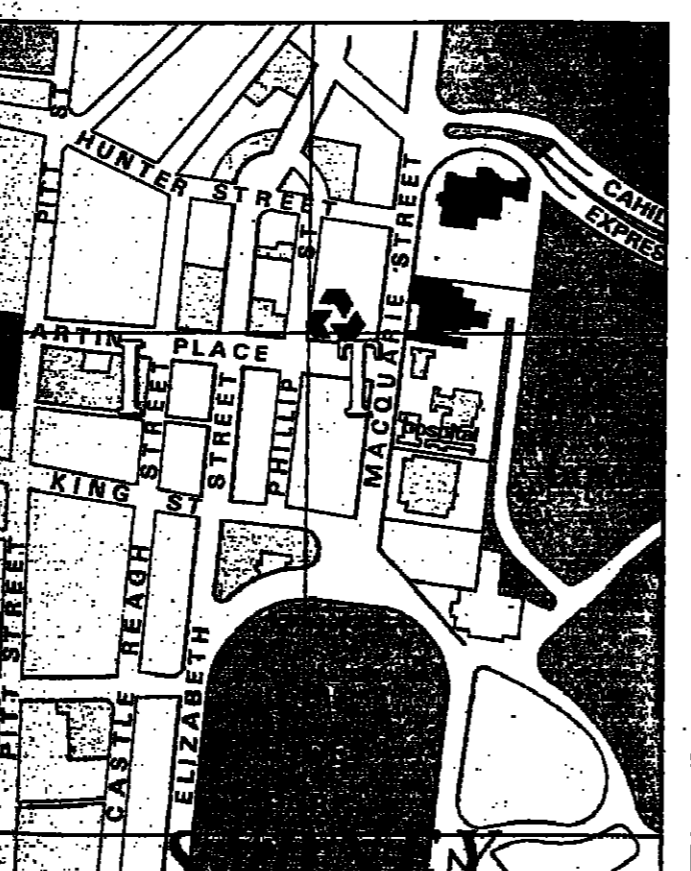
PIRAEUS



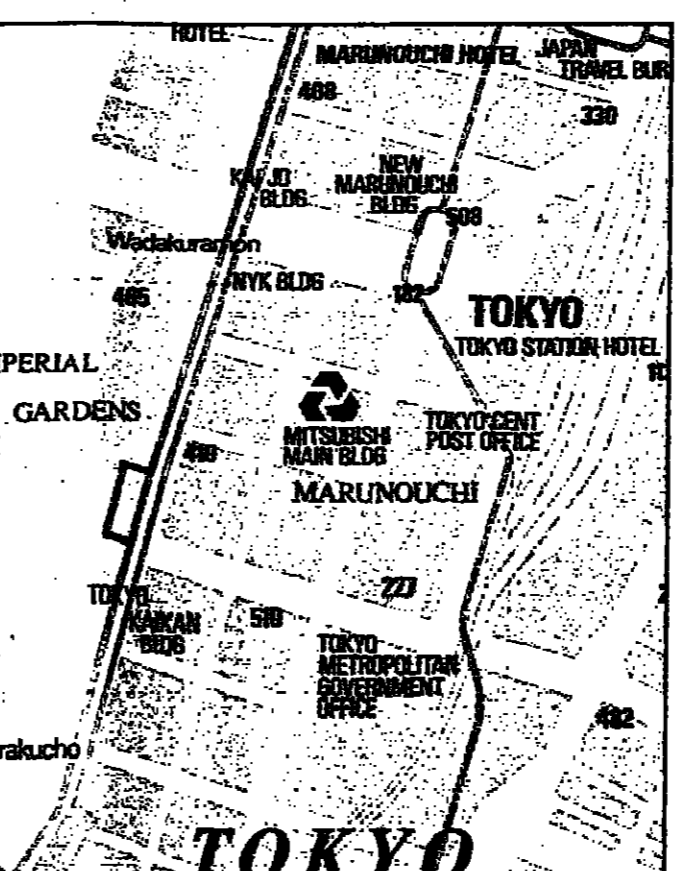
SAN FRANCISCO



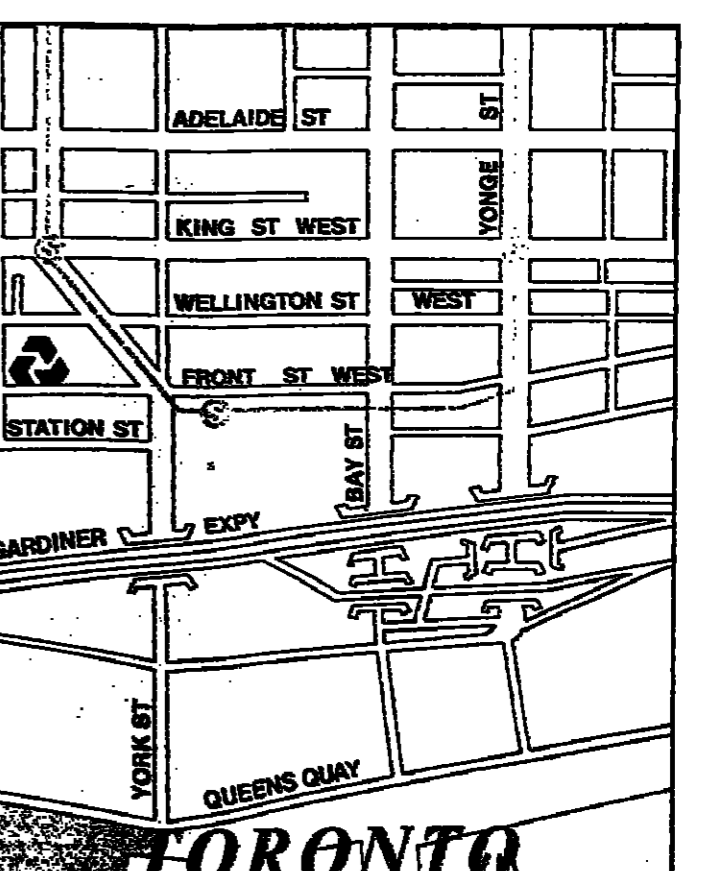
SINGAPORE



LONDON



TOKYO



TORONTO

International financing for major corporations. Assistance to UK exporters. Dealing in the world's currencies—buying, selling, lending, and deposit taking. Global movement of funds. Specialist services for international industries such as oil, gas, shipping, etc.

National Westminster Bank Group
You've got us just where you want us.

Locations correct as at 1st Jan. 1977.

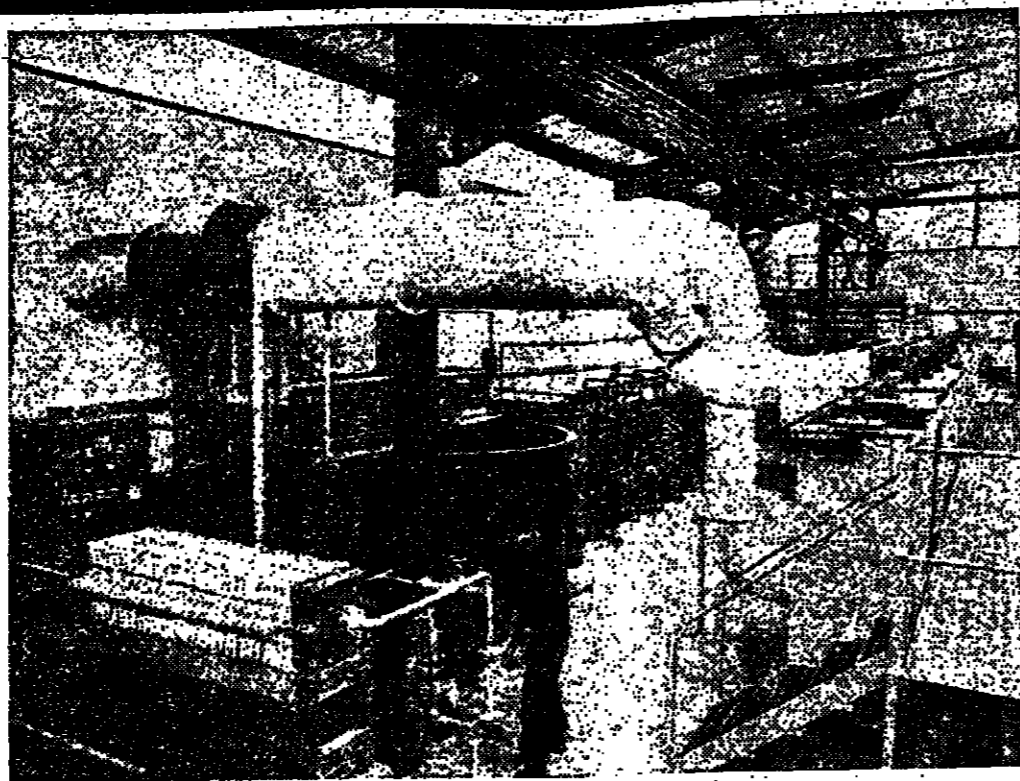
Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Hard coating gives novel properties

SURFACING processes applicable to many engineering components, made of most of the metals and alloys now in use throughout industry, are available in Britain as a service, and for subcontracting if required. Applied by electro-plating techniques but with a much higher deposition current than normally encountered, the coating appears under the microscope in the form of closely packed spheres, which tend to provide excellent low friction characteristics but have very high adhesion to the underlying surface, with which they form molecular bonds. Even under impact conditions such as in the cold-working of steel and in reciprocating machinery, there is no tendency to peel and any material removed from a treated surface under extreme test conditions will show, on one side, flakes of the underlying surface. Composition of Drayloy has not been revealed, but it is a chrome-rich complex coating applied by a multi-stage process at temperatures below 80 degrees C, yet able to withstand very high temperatures in service as well as providing excellent corrosion resistance. The coating is considerably harder than a hard chrome with a surface hardness of around 72 Rockwell C or 1100-1300HV. A purpose-built factory has been set up near Sheffield by the company which has the same name, Drayloy — and this has capacity to handle workpieces of up to 1½ tonnes weight. Since the plant has been brought into operation, a great deal of experimental treatment work has been done and this process of seeking out areas in which the coating method can be



A view of the sequence of coating tanks at the Drayloy plant in Dronfield, Sheffield

operate in the setting up of any testing scheme. Drayloy operates from Callowgate Lane, Dronfield, Sheffield S18 6NS. Dronfield 417777.

Heavy duty vertical turning

THE DEPARTMENT of Industry has offered a grant of £166,700 to John Stirk and Sons to facilitate production of prototypes of a new range of heavy duty vertical turning machines. The grant will also provide improved manufacturing facilities for the production of the machines. Stirk says the machines have been specifically designed to fill a gap which has not been covered

by other U.K. machine tool manufacturers. The machine will also help to counter foreign competition by its suitability for a wide range of industries requiring heavy metal removal from rough forged or cast steel components — an area now largely dominated by imported equipment. Typical applications will be the machining of forged or cast railway wheels, pipe flanges, gear forgings, etc., and in the aerospace industry for machining complex formed components in exotic materials. Offered with the machine will be a range of automatic handling equipment which will enable both faces of a component to be machined without manual handling. The machine can be offered in single units or linked with automatic handling equipment to form a full transfer line.

● INSTRUMENTS

Bearing metal test

has been introduced by Addressograph Multigraph, which is claimed to be cheaper than most competitive masters. It is called the QC Electro-Convert, signifying its compatibility with rapid cycling times on a total system copy and its readiness for use after just one quick pass through the converter. Made in a range of sizes and styles to suit almost all makes and models of small offset duplicators, it is said to combine wide exposure latitude with good contrast. One master is claimed to be capable of yielding 500 good impressions. As an illustration of price, the maker quotes an order for 15,000 of the 8½ x 14 inch size with plain ends which would cost about £50/1000. Free trial samples are available to genuine applicants from Addressograph Multigraph, Maylands Avenue, Hemel Hempstead, Herts., HP2 7ET (0442 2281).

TO CHECK whether there are any discontinuities in the bond between a white metal bearing and its cast iron casing, a special ultrasonic probe has been developed by MatEval NDT Company, 1 Belvedere Road, Newton-le-Willows, Merseyside (08252 22006). If there are any areas where the bond is not complete, the bearing will run hot. The probe was originally produced for Platt and Platt, Manchester, which uses white metal bearings for a variety of applications. These bearings have bore sizes from 50 to 120mm, and the white metal thickness ranges from 5 to 10mm. The MatEval development allows a single probe to be used throughout the ranges of bore sizes and white metal thicknesses. Replaceable shoes, which match the individual bore curvature, are used with a twin crystal focused probe.

Similar probe arrangements, providing savings in cost and time, can be applied in the quality control of lined tubes of various diameters, and in general internal thickness measurement of items produced in a range of curvatures.

● HANDLING

Prevents skids

EASILY APPLIED to floors or walkways where non-slip surfaces are required is a safety coating comprised of carborundum particles dispersed in an epoxy resin. A two-part system, it is said to bond to concrete, metal, wood or plastic, for applications such as garage forecourts, swimming pool walkways, shower room floors, etc.

The maker says the coating can be applied by unskilled workers using a brush, trowel, roller or airless spray equipment. Available in a range of colours, coating thickness is from 750 to 1,000 microns, and the coating is guaranteed for up to five years under normal conditions. Details from Safety Tread, Crown Wharf Ironworks, Dace Road, London E3 2NL. (01-485 4407).

● PROCESSING

Hydrogen on demand

DELIVERED READY for equipment that satisfies this need has successfully completed development trials. Tractor-mounted it weighs one tonne and is fuelled by a methanol/water mixture which is heated electrically and passed over a catalyst to produce a mixture of hydrogen and carbon dioxide. Diffusion of this gas mixture through silver-palladium tubes yields approximately 180 cubic feet (4.2 cubic metres) of ultra-pure hydrogen per hour — more than sufficient for the continuous filling of one meteorological balloon each hour. Power absorption is only 2 kw per cubic metre. Designed for use in any part of the world and at extremes of temperature the generator is extremely mobile and can be rapidly towed over rough country. Johnson Matthey, 100 High Street, Southgate, London N14 as was used previously. The 8 ET. 01-882 6111.

● COMPUTING

Satellite data link

A SPOKESMAN for Satellite Business Systems Inc., the IBM-Comsat-Aetna owned communications operation with headquarters in Washington, has stated formally that SBS has no plans to expand its services to Europe. He asserted that there were no plans, either, to provide special links with the existing transatlantic satellite systems, and that the SBS application for permission to start a service to the Federal Communications Commission is solely for the continental U.S. Whether that will be enough to put an end to current rumours is doubtful. Opposition to the SBS plan for the domestic market is known to be heavy and mounting particularly from AT&T. The latter's appeal against the initial granting of

BCIRA

SOLVES YOUR IRON CASTINGS PROBLEMS
ALYECHEURCH - BIRMINGHAM
Telephone Redditch 66414
Telex 337125

● TEXTILES

Improved synthetic threads

PRESENT SEWING requirements are for fine threads with high seam strength. Because the need for economic production and the use of lighter weight fabrics which are prone to damage or pucker. Greater attention means that increased consistency or performance expected shade to shade batch to batch to produce efficient production. English Sewing says it is using these requirements with introduction of three new industrial synthetic threads. The company has developed a spun polyester Star, improved the performance of Polylid and revised and dated the Trylko shade range. The company says improving spinning and twisting has duces threads with more consistent physical properties, as all the new threads a new of lubrication has been incorporated which is claimed to need heating and static. More from the maker: Oxford Street, Manchester M13 0B1 (061-258 1144).

● TELEVISION

Three small systems

RECENTLY put on the air are two miniature closed circuit television systems for surveillance from Eyr/P and another for underwater inspection from Westinghouse. The Philips equipment, designated LDF 8334 and providing 400 and 600 line resolution respectively. Based upon a 2/3 inch tube, although other types substituted. A wide choice zoom and other lenses supplied and the equipment operate over a temperature range of minus 30 to plus 50 C. The 8335 offers operation from midday sun to the glimmer of a candle in all weathers. A complete series of monitors is available for both ranges. The Westinghouse equipment, ETV-1250 has a 14 inch 12 inch long camera head needed to a lightweight portable unit with a 12½ inch multilens underwater camera over half an inch diameter. The vidicon used produces a usable picture over 500 lines resolution, 0.06 footcandles of illumination. Able to perform reliably in high radiation environments, was designed initially for underwater inspection of reactors — the camera read adjustment over a 1000 ft. change in light levels, operate in water depths of up to 1000 ft. and over a temperature range of minus 25 to plus 50 C. The control unit weighs and measures 11¼ x 18 x 18 inches, has four inch view built in, together with 150W power supply for optional, integral light source. Philips is on 0223 451 Westinghouse on Windsor.

● OFFICE EQUIPMENT

Speeds up copies

FAMILIAR to many using office copying machines is the business of lifting up the exposure plate cover, positioning the original on the glass, waiting for the completion of the copying cycle, lifting the cover again and removing the original. For multi-document jobs it may also be necessary to collate the copies. All of this has been done away with in the Nashua 220 DF in which originals are fed into a slot at the top rear of the machine rather like posting letters. Each copy is grasped by the mechanism, automatically exposed and ejected to the output stacker.

wrinkled or torn or made of tissue paper claims Nashua. Originals are returned to the operator in the same stacking order as the copies so that multiple feeding produces collated copy sets with no further action. For book copying the platen cover can be lifted for use in the conventional manner. Nashua Copycat is at Cory House, Bracknell, Berks (0344 54471).

Duplicating master for copiers

A NEW duplicating master for imaging on electrostatic copiers

WE CAN STOP YOUR WELL LAID PLANS GOING UP IN SMOKE

Whatever the fire protection plans involved in the next project on your drawing board, we can take off from your shoulders the problems of seeing them through: from initial planning, design and specification, to installation and commissioning.

As the most experienced fire and intruder protection company in Europe, we have unequalled ability to meet the complete fire defence requirements of virtually any building or situation at risk.

The more complex the problem, the better we like it: right up to complete turnkey 'package' schemes to cover major

projects such as hospitals, schools and shopping precincts, giant industrial plants, office blocks and many other business premises.

Our capability spans the whole-spectrum of fire defence technology, from basic manual alarm systems and portable appliances, to fully-integrated, early warning automatic-detection, alarm and water and gaseous extinguishing schemes. Together with equipment for aiding escape from danger areas.

For the total confidence of total capability, contact AFA-Minerva and find out how we can stop your well laid plans going up in smoke.

EMI AFA-MINERVA TOTAL CAPABILITY IN CRIME AND FIRE PROTECTION

For immediate advice on all aspects of fire protection, contact: AFA-Minerva (EMI) Limited, Security House, Grosvenor Road, Twickenham TW1 4AB. Tel: 01-892 4423. A member of the EMI group of companies. International leaders in fire, electronic, and leisure.

We take pride in announcing the opening today of the new and enlarged offices of our Hong Kong Subsidiary.

UNDERWRITERS BANK (OVERSEAS) LIMITED

A majority owned subsidiary of Continental Bank, UBOL brings together the worldwide financial resources of Continental in joint venture with the American International Group to provide full-service banking facilities to Hong Kong and South East Asian customers. UBOL is a key unit in Continental Bank's international network of 124 offices in 39 countries and plays an important role in Continental's extensive representation throughout the Asia-Pacific market.

Executive management:
Mr. K.K. Tse, Chairman
Mr. Barry Knox, Managing Director

Underwriters Bank (Overseas) Limited,
American International Tower
16-18 Queen's Road, Central
Hong Kong
Tel: 5-238011
Telex: 74072 UBOL

Subsidiary of
CONTINENTAL BANK

Copy no 1350



The Management Page

The attraction to the National Enterprise Board of Reed and Smith may be that its problems are confined to just one part of the group. Nicholas Leslie reports

Turnround of a paper-maker

TWO OPTIONS, crucial to the disastrous project abandoned last year, are being considered by the company. Mr. David Harrison last year had the major part of the year. He could either close down the machinery for the new mill or he could invest well over £1m in plant which, if the NEB of Ordinary shares, things went well would put the company back on an even keel.

David Harrison's inclination was to invest. But the group had a poor profit record, its immediate prospects were not particularly good, and group debt had already soared to £2.5m, compared with an issued share capital of just £3.5m.

He approached some City institutions for cash and had raised the matter he might have raised some form of finance. That he did not do so appears to be due partly to a feeling that unacceptable preconditions might have been attached to any City finance. What settled the matter was the reaction of the National Enterprise Board when he telephoned to inquire about raising a loan. He found—somewhat to his surprise although he hesitates to admit it—that after just over two months of negotiations he had the cash he wanted.

In the process, Reed and Smith became the first arms length investment of the NEB in a publicly quoted company. It has become an associate, rather than a subsidiary of the NEB, but it is clear that the NEB could exert considerable influence if it so wished.

not well at Wansbrough. The mill lost money, despite the buoyant conditions, and the quality of paper was not being maintained.

Several problems existed: not least was an inadequate management structure. This was tackled at an early stage and in most parts of the group top management of the constituent companies on the paper side of the business has changed completely in the past two years.

Three of the four Wansbrough machines—used for glazing paper to provide a sheen, such as on paper hags—were, in Mr. Harrison's estimation, inefficient to the point of running at one-third the speed of those of the company's most successful competitor.

The fourth, and biggest, machine was making 25,000 tons of paper a year in 32 different grades, a situation which was felt to be not only inefficient, but made quality control extremely difficult. The number of grades was therefore reduced to three, even though this meant that the amount of fluting produced increased by 16,000 tons a year—right in the middle of a recession. But by adopting a much more aggressive marketing policy, this extra amount was sold. At the same time, 180 of the 490 workforce were made redundant.



Mr. David Harrison, chairman of Reed and Smith.

found the company wanting in controls and its economic position deteriorated.

A move was made in 1973 to diversify by a merger with Partridge and Love—of which David Harrison was chairman. At that time, Reed and Smith was emerging from a difficult period triggered off when an ambitious venture into direct electrostatic base papers (the type used in copying machines) went sour.

Partridge and Love had printing activities and a Bristol-based advertising subsidiary. As well as being a means of diversification it seems to have been designed to strengthen the group's management, since Mr. Harrison emerged in the group driving seat within a very short time of the merger.

In 1974, the group's overall financial fortunes took a turn for the better with a general upturn in the papermaking industry and pre-tax profits of £1.3m were earned. This, according to Mr. Harrison, should have been higher, but price restraint meant that increases could not be put into effect and, furthermore, all was

cheaper paper for race cards and bingo tickets and similar items, was operating reasonably well, while the jewel of the paper business, the Taplow mill in Berkshire, was consistently producing good quality fluting and lining on modern machinery and had a good sales organisation.

On the advertising side, profitability was being maintained even during the difficult years of 1974 and 1975 and it seems quite possible that its financial contribution saved the group from going under.

Thus, Reed and Smith's weakness was centred on one part of the group—albeit a division which represented nearly one-half of group assets. This meant the problem could theoretically be monitored more easily than if the weaknesses had been widespread. Such a situation may well have appeared attractive to the NEB given that its administrative structure probably precludes a monitoring capability which would match, for example, the larger merchant banks.

Replacement

The paper-making machine which will now replace the three small ones is scheduled to come on stream in August. Although it has been lying around for six years unused, it is still a modern machine, according to Mr. Harrison, and will do all the work and more of those it replaces. The cash raised from the NEB has been used towards buying ancillary parts of the machine, while installation costs are being helped by a £350,000 grant from the Department of Industry.

The company needs to get it right at Wansbrough, and quickly, since it still faces difficulties. For example, in July, the cost of gas for powering its mills will go up sharply over a 12-month period from £500,000 to £1.3m a year.

However, if Reed and Smith does stage the recovery which Mr. Harrison is obviously hoping for within the next few years it should be reflected in the company's share price. Given that the NEB bought into Reed and Smith at 33p a share—below the 50p par value of the shares, with the balance of 17p a share being capitalised from Reed and Smith's reserves—there is reason to believe that it might eventually be tempted to sell the shares to the private sector to realise a profit for investing elsewhere.

Differing views on priorities

BY MICHAEL LAFFERTY

LESS THAN 50 per cent. of British companies appear to be taking account of inflation in their management decisions, according to a survey conducted by the Institute of Cost and Management Accountants (ICMA)—evidence, if any more is needed, that something ought to be done soon to remove the distortions of inflation from both management and published accounts.

However, the ICMA does not quite see it like that. In its submission to the Morpeth Inflation Accounting Steering Group it says that the efforts of accountants should be devoted more to improving the efficiency of British industry and tackling the problems of inflation, rather than spending a great deal of time, effort and money on showing how inflation has "affected most results."

The institute believes that only two adjustments should be required in published accounts to reflect inflation, namely the cost of sales adjustment—to reflect the value to the business of the assets consumed during the year—and extra depreciation based on up-to-date asset values, to make sure that sufficient funds (the ICMA says profits) are retained to maintain the asset base.

Yet in taking this attitude it is questionable whether the institute is living up to its hard-earned position as one of the leading British accountancy bodies. It is generally thought that companies cannot—and at present do not—make the best management and investment decisions because of the distortions caused by inflation.

In addition there is little dispute that the usefulness of published historic accounts to investors, creditors and employees alike is considerably restricted because of changing prices.

Instead of recording effects of inflation on company results, priority should be given to tackling inflation itself, says one of the accountancy bodies

Incidentally, all submissions are to go on public record shortly after the discussion period ends on May 31.

But if companies think that their only big worry in the accounting field is current cost accounting they are likely to be surprised. The EEC intends to pass an extensive law on annual accounts called the Fourth Company Law Directive later this year, possibly as soon as June. This will bring many changes to company accounts, not least because of its preference for standardised balance sheets and profit and loss accounts. It also has quite a lot to say about disclosure and will require, for example, the publication of the cost of sales and gross profit figures for the first time in company accounts in the U.K.

Opportunities

The opportunities for influencing the content of this directive are now almost over. Agreement has been reached between member states, with the U.K. having secured many changes which make the requirements less onerous here on all but three so-called political areas. These involve the degree of historic cost information which must be given where inflation accounts are published, the relationship between the directive and the draft seventh directive on consolidated accounts, and the extent to which small and medium companies should be exempted from the provisions.

However, there is still time to make views heard on the much more significant seventh directive. This document, unetherspinously referred to as the consolidated accounts proposal, may truly be said to have implications which are far beyond anything yet appreciated in the U.K. It will be discussed in detail in the next column.

Efficiency

This is why Britain needs to have an accounting standard on CCA and why it must aim more than just a few rough adjustments to the profit and loss account of what the ICMA cynically refers to as "past results." It is easy to say that accountants should concentrate more on improving the efficiency of British industry and less on inflation accounting but it becomes a joke to say it when over 50 per cent. of your members—71 per cent. of them in

Manpower

As yet, however, the NEB has not even exercised an option to appoint a director to the boardroom of Reed and Smith. Whether this is because it feels such a step is unnecessary or because it has not the manpower to spare is unclear, although it could get round the latter problem by appointing somebody from outside the NEB as a representative non-executive director. Meanwhile, the company seems to be preparing to let its own affairs run on its own terms, with monitoring the state of the business and cash position through monthly reports.

The cash provided by the NEB totalled £1.4m, and is to be used to install a new paper mill at the company's Wansbrough plant in north Somerset to replace three old and inefficient machines. As the result of a

Learn a language fast
face-to-face
with a national
BERLITZ
TOTAL IMMERSION

The fastest way to learn a language—2 to 5 weeks intensive individual study with native teachers in England—or at our special centres abroad.

Also Private Tuition, Special Crash and Groups. Translation and Interpreting.

321 Oxford Street, 5 Portman Square, 79 Wells Street, London, W.1
Also at Coventry, Birmingham, Leeds, Leicester, Manchester, 228 3607

01-486 1931

THE CONFERENCE TRICK

How to impress up to 600 people with full presentation equipment, catering facilities and splendid hotel service.

A conference has to be a headache for someone, so if you're the one you should share the problem with us. We start with an advantage. At our hotels in Leeds, Middlesbrough and Bristol we have everything you need on site.

That includes space for up to 600 people, presentation equipment, platforms, sound systems, special lighting, a choice of menus, overnight accommodation and free parking.

We've had a lot of experience with conferences, so we know how much easier your life will be if it all happens the way you planned.

Post this coupon and then we can get together.

To: Ladbroke Dragonara International Hotels Limited, Finsbury, London SW1X 8YZ. Send me information about your conference facilities.

NAME _____
COMPANY _____
ADDRESS _____

Ladbroke Hotels

Built with pride, run with confidence.

Ladbroke Leisure

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Abstemious tax avoidance

As a result of bed and breakfast deals, I have substantial agreed tax losses carried forward. I recently purchased a large amount of L/A Yearling Bonds which I propose to sell later "full of dividend" and in my case this would be free of capital gains tax. I have, however, been advised by my brokers not to do this too much, as the Revenue might seek to charge gains as income from a trade, and I have been his "excess liability" gatherer; that there were deals in a year might be going to the well once too often. What do you think?

The principal weapon in the Inland Revenue's armoury against tax avoidance of the type you have in mind is section 30 of the Income and Corporation Taxes Act 1970, as amended by paragraph 13 of schedule 6 to the Finance Act 1971. Assuming that you have not carried out similar tax avoidance transactions in any of the last three tax years, you can defend yourself against an attack under section 30 for current year (or next year, as the case may be) by proving "to the satisfaction of the Board that the avoidance of tax was exceptional and not systematic"; hence your brokers' admonition to be abstemious at the well.

Like most legislation aimed at tax avoidance devices, section 30 (as amended) is complex and arbitrary. Oddly, it tends to operate more often against a taxpayer in the middle range of income than against the very wealthy, because the trigger mechanism is linked to the avoidance by a taxpayer of more than 10 per cent. of what would have been his "excess liability" for any year if the income from the securities in question had been deemed to accrue from day to day, and had been deemed to have been received day by day, as it accrued. The expression "excess liability" means roughly the excess tax (if any) that he would have had to pay on the daily income if had been paid under deduction of tax at the basic rate.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Looking at Leicester No2

Modern warehousing space can be rented for as little as 85p a square foot in Leicester—just one reason why three hundred thousand square feet were taken there in 1976.

Enquiries to:
Gordon K. Smith Esq., City Estates Surveyor,
New Walk Centre, Welford Place,
Leicester, LE1 6ZG.
Telephone (0533) 549922 Ext. 6760.

LEICESTER
Right of the Centre

Who's looking after the phone?

Agovox C380
the latest phone-answering machine from the Zeiss group of West Germany

- competitive rates for 1-year rental
- available immediately

RING 01-720 9881 anytime!
Agovox Answering,
26-32 Voltaire Rd, London, SW4 6DU

Agovox Answering!

NOW IMAGINE WHAT KODAK MICROFILM CAN DO TO YOUR COMMUNICATIONS

Microfilm reduces paperwork by photography. And if Kodak doesn't know about photography, who does? Which is why so many companies choose Kodak for microfilm equipment and materials. Companies like Barclays Bank who, by installing Kodak microfilm, hope to save £250,000 on paper costs alone!

But you don't have to be big to make your paperwork small. Absolutely without obligation, Kodak specialists can identify where and how microfilm could save you space, time and money. By carrying out a full survey on your current information system.

However, Kodak offer more than just expertise and quality equipment.

For a start we'll give your staff any training they need. And there's the nationwide team of Kodak service engineers ready to keep your equipment working reliably and efficiently. It's extras like these that really count.

If you'd like a copy of our brochure "Management of Information" and details of our product range, or if you'd like to talk to a Kodak specialist, just mark the appropriate box on the coupon. And mail it. The sooner we talk, the sooner you save.

COME TO KODAK WE'VE GOT A LOT TO TALK ABOUT

Kodak is a trade mark

I'd like to talk to someone from Kodak about microfilm

Name _____
 Position _____
 Co. _____
 Address _____
 Tel. No. _____

Please mail me further information

To: T. Langley, Kodak Limited, Micrographic Sales, P.O. Box 66, Station Rd, Hemet Hempstead, Herts HP1 1PJ.

THE FINANCIAL TIMES

Incorporating THE FINANCIAL NEWS

Head Office Editorial & Advertisement Offices: BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

For Share Index and Business News Summary Ring: 01-246 8026

WEDNESDAY, APRIL 13, 1977

Carterian logic

"THERE is no dilemma to-day more difficult to resolve," President Carter said in his statement last week.

The differences in energy resources between the U.S. and its industrialised friends hardly need stressing.

It is also likely that what Mr. Carter has had to say on the uses and abuses of nuclear power will be all of a piece with the new U.S. energy policy.

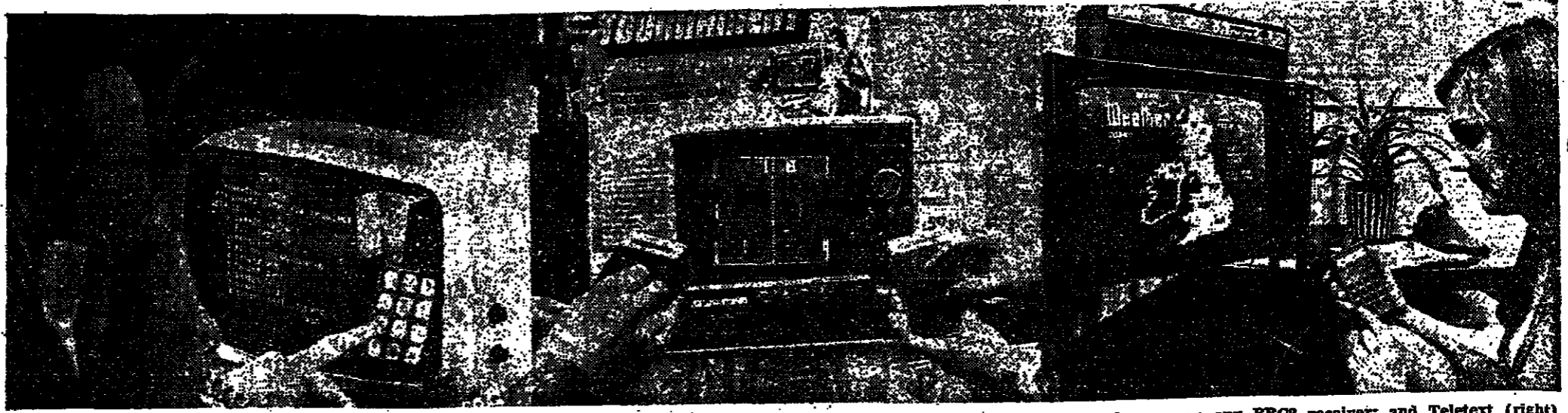
The price could be too high

THE Government approaches the start to-day of its formal talks with the TUC on the next phase of the pay policy with an obvious and repeatedly stressed determination to reach agreement.

disputes while suggestions of a further carefully defined small sum for special cases and also some allowance for productivity are full of difficulties.

Overall, there is the danger that trying to squeeze into an agreement a return to some form of local bargaining, a minimum national rise and, possibly also, some consolidation of phase one and two rises as well as special cases and productivity deals will doom the policy from the start.

Universally critical



Viewdata (left), the information service developed by the Post Office; Interton 3,000 Tournament (centre), the TV sports game for use on any BBC2 receiver; and Teletext (right) adaptor developed by Pye.

New uses for the old telly

BY MAX WILKINSON

A MUCH needed boost to the flagging prestige of the British television industry could be given by the expected announcement by the Germans this summer of plans to exploit teletext—an invention pioneered by the BBC.

On the other hand, this summer's Berlin Radio Fair may show that in spite of the U.K.'s technological lead, foreign set makers are already poised to snap up the market as soon as it appears.

The essence of the system is its cheapness. Pages of text are transmitted in coded pulses on the normal BBC and ITV channels.

The risks—and the opportunities—of the new commercial territories which have been opened up by the technology of integrated circuits are well appreciated by manufacturers.

transistors can be printed quite cheaply on a slice of silicon smaller than a postage stamp, almost anything is possible.

Teletext is the one feature which, potentially, could be more advanced in the U.K. But that may not in itself be sufficient reason for manufacturers to risk the considerable cost of promotion and mass production which will be needed to bring unit costs down to the ordinary consumer's reach.

Formidable competition

But even the chance of selecting from hundreds of thousands of pages on the Post Office's related system, "Viewdata" might not be enough to tempt a mass audience.

There are several other possible "extras" whose circuitry would, a few years ago, have been almost as complicated as that of a complete television.

integrated circuitry could bring costs down quickly enough to produce a snowballing demand to reach 85 per cent of all sets made in 1985.

The full importance of decisions which manufacturers are now making on the future of teletext and other developments of the TV set only becomes apparent against the perspective of total demand which can be expected in the consumer electronics market.

The probability is that colour television sales in the U.K. will never again reach the level of nearly 2.5m. sets achieved in 1974. About half of all households now have colour. This means that most people who want and can afford colour television will be supplied in the next five to eight years.

Manufacturers to predict the demand for portable black and white televisions, and their slowness to match the range and quality of Japanese audio systems is a sufficient warning of what could happen in future.

Music centres now cost roughly the same as colour television sets, in the range of £200 to £500. But from the market point of view, audio and hi has one great advantage over television.

Divided opinions

Enthusiasts within the BBC would have liked to see more rapid progress after the truly experimental period between 1970 and 1975.

That argument is largely academic, however, because at the crucial period, setmakers were desperately trying to increase routine production to meet the soaring demand for colour sets created by the "Barber boom."

Even now, two years later, setmakers are divided in their opinions of teletext's future. Most believe demand will start slowly and that the facility will be confined to a minority of up-market sets for several years.

MEN AND MATTERS

Up the London Symphony

Anthony Camden, chairman and principal oboist of the London Symphony Orchestra, talked yesterday of "ups and a lot of downs" over the LSO's last couple of years.

It is a crucial time for the LSO to be pulling as well as playing together. Next month it undertakes a packed tour of Europe, performing 19 concerts in Germany, Hungary, Czechoslovakia, Yugoslavia (the LSO's first visit there), Austria and Switzerland.

The Government would do well to listen to Mr. Michael Posner, the Treasury's deputy chief economic adviser up to last autumn and himself a strong supporter of a continued pay policy. He warned yesterday that an economy in which inflation at best averages 10 per cent will be subject to "very grave political disorder and economic discontinuities"

Gush and slush

If the ugly Jubilee mugs, silver buses, pearly queens, village fetes and all the other quasi-feudal manifestations of Jubilee year are getting you down, take heart—the British Communist Party's plans might well appeal to you.

Some of the LSO's critics at the time of strife thought its troubles stemmed from lack of discipline. Such a charge is perhaps understandable as the 73-year-old orchestra is self-governing, like its London rivals, though the LSO was first in the field.

Pay is a constantly sore point. Camden reckoned that a principal player with the LSO would make about £140 a week and he contrasted that with the situation in Paris, where on Saturday during rehearsals players are salaried and make for a Silver Jubilee concert next about £275—and that is before day in the Royal Festival Hall, freelance work like recordings

Advertisement for Prime help to buy time, featuring a cartoon and text about computer services.

Observer

FINANCIAL TIMES SURVEY

Wednesday April 13 1977

ITALY

Italy is overcoming some of its economic problems through short-term measures—but politics is still at the root of the country's problems. The prospect of a stable government may now depend on a grand coalition which would include both Communists and Christian Democrats.

The battle for control

By Dominick J. Coyle

BY MOST conventional standards, Italy is now ungovernable. It is not just the recent and serious rioting in the streets of Rome, Milan, Bologna and half a dozen other cities; student demonstrations over some genuine grievances which were clearly infiltrated and exploited by political extremists; nor the gradual breakdown of law and order, including the continuing wave of kidnappings which just before Easter was extended directly into the political domain when the son of the veteran socialist leader, Signor Francesco de Martino was grabbed by terrorists. More fundamentally, it is that no conceivable party political mix now appears to exist which can command a majority in parliament while at the same time receiving anything approaching a national consensus for its policies.

At the outset of any review of Italy one is therefore compelled to face up to the all-important question. The Communist Party (PCI) with some 31 per cent of the national vote in the last general election, is now, as it claims publicly, in a position in which the country cannot be governed effectively without the Communists. A minority they still are, but too large and too potent a force in Italian life to-day to be excluded totally from the governing process. But the Christian Democrats (CD), who have ruled Italy either alone or in coalition for the past three decades, are now also a minority, and in terms of the popular vote they are only 4 per cent ahead of the Communists.

Yet consensus is not possible if the communists are always to remain in opposition, but there is no reason to believe that anything sensible would emerge simply by a reversal of roles, by the CD going into opposition and the PCI becoming the sheet-anchor of government, together, perhaps, with the small Socialist Party and some of the country's other smaller factions. Indeed, a more likely—many, including some communists, would say probable—outcome would be revolution and the seeds of a civil war.

This may sound over-dramatic, but not, one suspects, to the Communist Party's leadership. It is not just fears of a possible duplication in Italy of the Chilean experience, but a cold calculation that a real measure of national consensus can only be brought about through a coming together of the country's two major political forces, in effect the PCI's objective of securing its cherished *Compromesso Storico*, or grand alliance in Government of all Italy's democratic forces. Nowadays, given the polarisation evident in the general election last June, this in essence does mean the CD and the PCI, perhaps with the Socialists (less than 10 per cent of the vote) thrown in.

The question, and it is the key one in Italian politics to-day, is whether the Christian Democrats will ever agree to such a grand coalition. If the answer is "yes," then indeed there are some hopes that Italy can find political stability, effective government and a bright economic future in the long term. There are, of course, immense implications, too, many of them international in the sense that they touch on the whole basis of the western alliance, even of an Italy still in Nato but with Communists in the Government with access to all—or some, at least—of its secrets.

If the answer is "no," and that on balance is more probable, since Christian Democrats seem to share a determination to go into parliamentary opposition rather than concede fully the *Compromesso Storico*, then the country's future does indeed look bleak and potentially very dangerous. For the sole long-term alternative in that event, and assuming no radical shift in electoral allegiances, is the

Left alternative, a Communist-Socialist alliance with some smaller parties in the mix to pad out the numerical majority. This process would certainly bring out the fascist elements, which even now are none too latent in Italian life—the neo-fascist MSI captured almost 24m. votes last June—and the mood it would produce could be expected at least to reflect MSI tendencies in the Centre-Right faction of a Christian Democrat Party in opposition. Such a cauldron would surely spill over on the streets, inevitably pushing a Left-wing government coalition into the kind of authoritarian response in the name of law and order which many anti-Communists already fear would be the instinctive reaction of the PCI in government in any event. It could only be a recipe for disaster, as top Italian Communists themselves fully appreciate.

But is there, in fact, no other alternative? Signor Giulio Andreotti, the present Christian Democrat Prime Minister, thinks there is, albeit hardly a long-term one. Not only does he think there is, but right now his uncertain Government is a living example of it. It has no working majority in Parliament but has survived over the past eight months through the tacit support of both the Communists and the Socialists. Officially, the two main opposition parties have adopted a policy of abstention, but in fact it is a lot more than that and certainly not a question of abstention in the

BASIC STATISTICS	
Area	116,314 sq. miles
Population (mid-1975)	55.81m.
GNP (1975)	\$171.5bn.
Per capita	\$3,070
TRADE (1976)	
Imports	L.36.3bn.
Exports	L.30.9bn.
Imports from U.K.	£826.4m.
Exports to U.K.	£1,106.2m.
Currency: Lire	£1=L.1,526

Motivation

A series of bilateral meetings sponsored by the Socialists to bring about such a "new majority" will resume now that the Easter holidays are over. For the Socialists the clear motivation is to try to prevent themselves being squeezed out into political irrelevancy between the two big forces in the country. Most of them would happily join another Centre-Left experiment with the Christian Democrats, but they fear that this would merely accelerate their own demise, and the last elections showed that the voters are increasingly seeing the issue as between the Christian Democrats and the Communists.

is maintained at a high level—even more so when combined with recurring violence, much of which, to put it mildly, is politically inspired from both extremes of the ideological spectrum. Add in Italy's current economic difficulties, including the country's seemingly endemic trade deficit, its 20 per cent plus rate of inflation, external debts of some \$17bn. and the Bank of Italy's limited available reserves to defend any further speculative attack on an already weak lira, and one gets some measure of the climate in which industry must operate.

The miracle, in a sense, is that the country does manage somehow to keep going, its institutions to function (although with an Italian concept of efficiency) and its people to preserve not only their sanity but also their capacity to enjoy life, to live and eat well. They have, after all, an essential flexibility, and perhaps this is nowhere more evident than in the capacity of much of industry, principally what can be described as the secondary sector where small private entrepreneurs predominate, to adapt quickly to changing commercial demands and altered economic circumstances. And it is this secondary sector which, in the main, continues to trade well and profitably, and to provide the backbone of the country's exports. This sector has none of the notoriety, or less facing Italy is recognised: the staggering debts—of State giants like IRI, ENI and in a sense Montedison too—and a functions, but it is a different

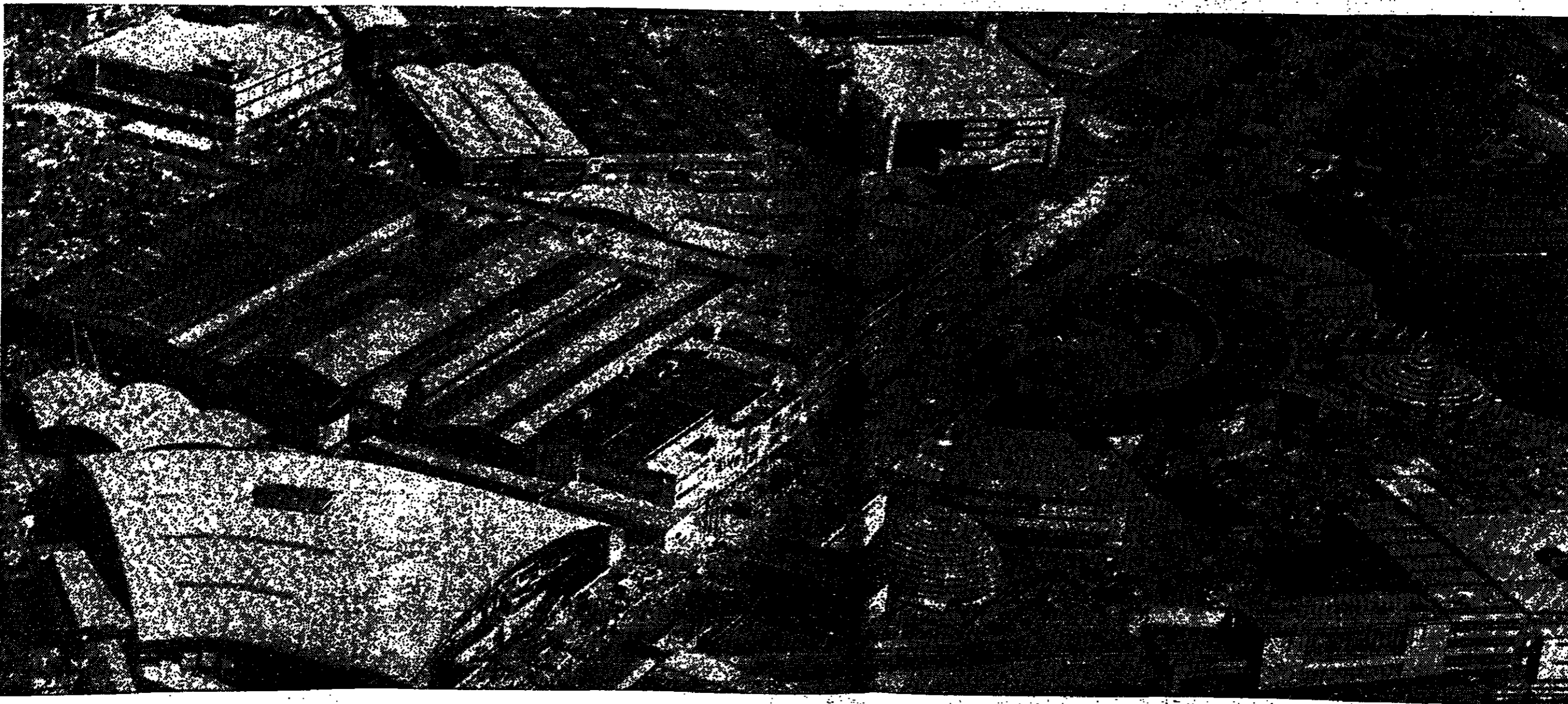
CONTINUED ON PAGE III

55th MILAN FAIR

14-23 APRIL 1977

With its 57 specialized trade shows this international market is open on more than 300 days in the year. The very wide appeal of Milan Fair can be seen at once from these figures: over 31,000 exhibitors from 90 countries; 2,319,870 sq. m. of exhibition and display sites; 83 countries officially participating. Plan a visit to Milan Trade Fair, and make sure of coming

to the specialized trade show that covers your own line of business. For detailed information, also for Business Visitors' Cards and Advance Catalogue, apply to Segreteria Generale Fiera di Milano, Largo Domodossola 1, 20145 Milano (Italy), or to the Milan Fair Representative: Dr. V. Schiazzano, 20 Savile Row, London W1X2DQ ☎ 01-7342411.



كانا من الاصل

ITALY II

Short-term answers to economic problems

THE ESSENTIAL resilience of the Italian economy is in many ways quite remarkable, and perhaps this is the reason why many Italians still look confidently to the future, whatever the present economic problems. Despite an uncertain political climate, a fast depreciating currency, a deteriorating balance of payments position and a sharply-increased level of inflation, Italy last year came out of its worst recession in some 30 years and registered a growth rate of well over 5 per cent. Even the optimists at this time last year—and there were not many of them around then—spoke cautiously of the possibility of 2 per cent.

Anyone who has observed Italian drivers move away from traffic lights realises that they do not waste much time. The national economic machine, with all its underlying structural defects, clearly did not hang about either in 1976 when the "stop" signal turned to "go." But it is, for all that, the same old stop-go routine familiar enough to British readers. This year the Italian authorities are pitching deliberately for a zero growth rate precisely because the 1976 expansion was excessive and left Italy with a trade deficit of \$5.5bn., or setting out for double that of the previous year.

The economic strategy now, in so far as it is apparent from a minority Christian Democrat Government which almost daily appears to have to trim its policy sails to opposition requirements in order to stay alive, is to rapidly, if temporarily, reduce import pressures by cutting internal demand through credit restrictions and higher taxation. The second side of this short-term strategy coin is to boost exports by making them more competitive through a cutback in escalating labour costs.

Sombre

Signor Giulio Andreotti, the Prime Minister, put the overall economic scene into perspective in a sombre report to the nation last September when he forecast new taxes and announced an immediate 10 per cent foreign currency surcharge as a temporary prop to a falling lira exchange rate.

Simply stated, his scenario was this: Italy was living beyond its means; the inflation rate was way out of line with that in the rest of Europe; too high a proportion of resources was going into consumption; too little to investment; the country had debts of some \$17bn. and, in effect, could raise no new loans without drastic policy changes; the Bank of Italy had few available reserves, in part the result of an expensive, and ultimately unsuccessful, attempt to halt the slide of the lira. All in all, he could promise nothing but sacrifices.

On the not wholly unchallenged assumption that the income elasticity of imports is predictable, the Government decided that a sharp bout of austerity measures to cut growth deliberately would produce the quickest response on the trade account. Hence, some L4,000bn.-L5,000bn. or roughly 2½ per cent of GNP, was to be taken out of consumption through higher taxes (petrol, for example, went to the equivalent of £1.60 a gallon) and a long overdue upwards adjustment in a range of public-sector services. Lower imports apart, there was the argument that the public-sector borrowing requirement would consequently be lower as a result of the transfer of resources, thus making a direct contribution to lowering an inflation rate then hovering around the 20 per cent mark.

The package helped to hold the lira relatively steady at around 860/870 to the dollar (compared with 680 nine months earlier when the authorities were forced to close the foreign exchange market temporarily in the face of a major speculative run on the currency). But the more important—and by their nature purely artificial—stabilisers included a range of mechanisms such as a 50 per cent import deposit scheme, a foreign currency surcharge, and a Bank of Italy discount rate pushed to an historic high of 15 per cent. The stock market's response to the Andreotti package was more direct—the Milan bourse hit a 20-year low!

The October package has yet to work its way through the system, and the result could be a much longer recession than the authorities had planned or than Italy really needs. But measures to hold down imports are only one side of the coin. Excluding for the moment the fuels for inflation from the public sector's own borrowing requirement, the drive to make Italian exports more competitive is of greater ultimate importance.

This in a sense is where the



The Banca Commerciale Italiana in Milan.

International Monetary Fund has come in, starting as far back as the foreign exchange crisis in January of last year when, using the extended drawing rights agreed at Jamaica, Italy sought a further loan of \$530m. A fund mission at that time almost suspended negotiations, not, as was commonly assumed at the time, because the Government of the time had planned on a combined Treasury and public sector deficit which the IMF considered excessive, but because the IMF team could not really find out what the deficit was likely to be. A general election and the new Andreotti Government later, the IMF was back in Rome, and it was only last weekend, some 15 months after the original exchange crisis, that Parliament finally approved the contents of Italy's letter of intent.

The restraining influence of the IMF team, led by Mr. Alan Whitton, has, of course, been exploited by Signor Andreotti to drive home his own economic truths, in particular, both the minority Government and the IMF wanted, as an essential weapon in the fight against inflation, some changes in Italy's system of quarterly threshold payments which isolate Italian workers' wages from the ravages of inflation.

Indexation, coupled with high settlements in national wage negotiations, have combined to raise production costs. For example, minimum contractual wages are estimated to have risen last year by some 24 per cent in agriculture, 29 per cent in industry, 23 per cent in trade and more than 24 per cent in transport and communications. In a developed world adjusting, albeit late and reluctantly, to the rise in oil prices, these figures represent an actual advance in real terms, even after discounting Italy's high level of inflation. The question was how best to secure adjustments to the indexation system which would contribute to a lowering of the growth in labour costs while at the same time carrying the co-operation of Italy's three powerful trades union confederations.

The Andreotti Government, greatly encouraged by the IMF, decided to tackle the issue head-on. Official projections for increases in threshold payments on the basis of the present arrangement suggested that the escalator scale would rise by nine points in the quarter to end-February 1977, seven in the three months period to May and by six and five points in the two succeeding quarters. But this total of 27 points in a full year was way out of line with the insistence by the IMF, in exchange for a new loan to Italy, that the inflation rate in the current year should be kept down to some 16 per cent.

The way out determined by the Government was at least original. The cabinet decided, in effect, to subsidise Italian labour costs directly by transferring to the central budget a part of the sizeable social security costs now borne by employers. But given IMF-imposed upper limits for both the Treasury and overall public sector deficits, a way had to be found to compensate the Treasury for this gesture of apparently central Government generosity.

Between the Prime Minister and top labour leaders, the Fund was asked to accept an amendment to the proposed letter of intent. The unions, while rejecting the so-called "sterilisation" of indirect taxes, were reluctantly prepared to make some contribution to reducing the rise in labour costs. They would accept (and parliament approved their offer just before Easter) a modification to the weightings applied to three components of the cost-of-living "basket," namely newspapers, urban transport and electricity. The unions themselves claim that in terms of real "savings," through lower future threshold payments, their offer is actually better than that proposed originally by the Government.

The IMF, for its part, has accepted the amendment reluctantly, and the \$530m. loan is to be released in stages. The size of the loan is, of course, almost derisory, but it is seen in Rome as something like a credit card, or perhaps even more as a kind of certificate of good economic house-keeping on the strength of which Italy should be able to raise additional loan support, not just from the EEC, but also through the Eurocurrency market as well. Meanwhile, Italy should now have no real problem in meeting its debt repayment commitments of some \$1.4bn. this year, although 1978 could be a little more difficult when repayments will amount to more than \$2½bn.

Decision

All of which shows that Italian economic management, for the moment anyway, is rather of the hand-to-mouth variety, a crash course to deal with an immediate balance of trade problem which, fortunately, has not been reflected proportionately on the payments account for 1976. Despite a virtual doubling of the trade gap—Italy has an average daily trade deficit of \$18m, the payments deficit overall was little more than \$1bn., or roughly the same as in 1975. The explanation lies in a steady flow of short-term capital, including loans, which exceptionally high interest rates have done nothing to discourage: an officially inspired lengthening of import lags and shorter export lags; and a voluntary (under threat

of tougher penalties) repatriation of illegally exported capital. The latter is an endemic problem in Italy, but one which only concludes from the closeness of the official and parallel, or black market, exchange rates that for a moment it has come to a halt, or at least the flows are being more or less equalised. Given the delicate position of the lira, despite sharp depreciation, this could be an important element of the next few months, in particular to ensure that most money and the remittances of Italian workers abroad find their way into the Bank of Italy.

But in terms of economic management, it is still relatively short-term stuff. Fundamental structural weaknesses of the Italian economy remain, not least the concentration of product capacity in the vast State and semi-State entities which have become virtual governments themselves, and over-finances the central Government has virtually no effective control. Rome is summoned to the debts have mounted out of all proportion, but one suspects constantly than even cabinet is surprised to see the full figures of the ENI, Montedison and others. Many of these vehicles established and maintained to accommodate the patronage requirements of long-running Christian Democrats—they have little value in their present uncontrolled state. Their presence in a of limbo between the State and the private sector, has many observers, and important many potential side investors, as to whether Government really does have a long-term economic policy, an industrial strategy to go it. A recent Citibank loan Italy had a characteristic succinct conclusion which it said: "Italy's long-run outlook may depend less on the commitment of the Communist democracy than it does on the of the Christian Democratic capitalism."

all the products of the steel industry

Italsider - Genova
Flat hot-rolled, flat cold-rolled and coated mill products - Large and medium diameter welded steel pipes - Hot-rolled bars and sections - Welded sections - Railway superstructures and switches - Railway wheel arrangements and rolling stock - Steel castings and forgings.

Morteo Soprefin - Genova
All types of steel containers, guard-rails, prefabricated metallic pavilions, lighting poles.

C.M.F. - Livorno
Costruzioni Metalliche Finsider
Study, design, constructions, sale and erection of steel structures for industrial and civil buildings.

Dalmine - Milano
Seamless and welded steel pipe for any industrial and civil purposes.

Ponteggi Dalmine - Milano
Scaffolding and Formworks Storage Racks.

Terni - Roma
Electrical and stainless steels, forgings, castings, drop-forgings, concrete reinforcing bars, penstocks, pressure vessels for chemical, petrochemical and nuclear industry.

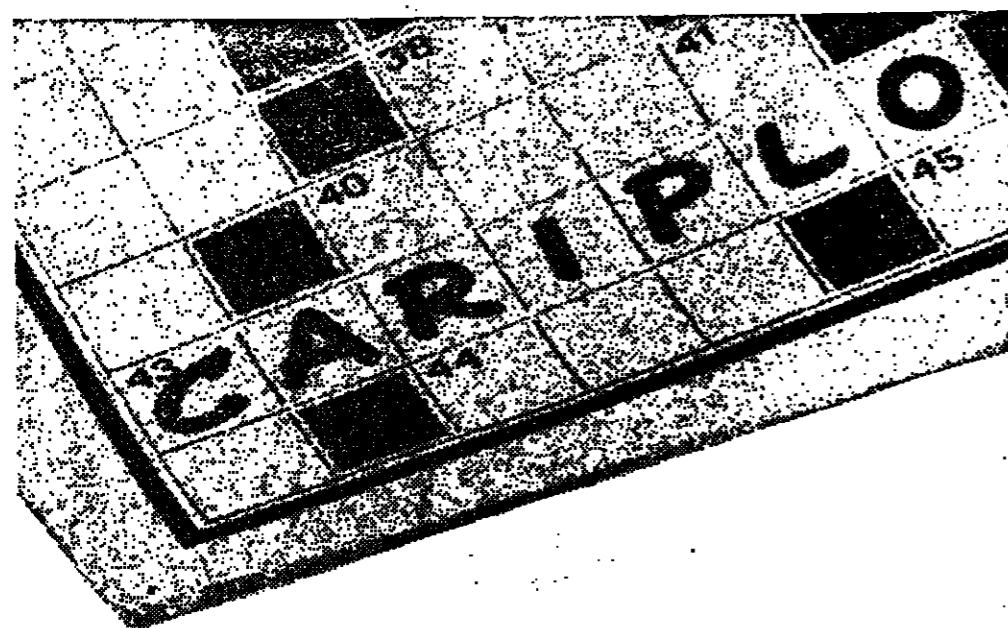
Italimpianti - Genova
Consulting design and construction of industrial plants. **Head Office & General Management - Piazza Picciapietra, 9 16121 Genova.**

Acciaierie di Piombino - Piombino
Merchant rolled products, rolled bars also in special steel, beams and rails.

Innocenti Santeustacchio - Milano
Design and construction of plants and equipment for steel and non ferrous metals, mill rolls, heavy machine tools and presses.

SIDEREXPORT Export Sales Organisation
Head Office: Via XII Ottobre, 2 - 16121 Genova
Tubular Products Division: Via Brera, 21 - 20121 Milano
United Kingdom: **SIDERITAL LTD** 1 Great Cumberland Place - London W1H 5HW
U.S.A. **SIDERIUS Inc.** 35th Floor 1345 Ave. of the Americas - NEW YORK N.Y. 10019

FINSIDER GROUP



A new seven-letter word in International Banking. And it's Italian.

- 3,300,000 deposit and current accounts
- 11,500,000,000,000 lire deposits and funds administered
- 11,000,000,000 lire net profit for 1976
- 400 branches • 7,900 employees

CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE

MILAN-ITALY - via Matte di Piazzi, 8 - Telex 31280 - 34451 - 23407 CARIPLO.
REPRESENTATIVE OFFICE IN LONDON: CUMARD HOUSE, 8 LEADENHALL STREET, EC3
PHONE 61-283282 - TELEX 86164 CARIPLO LON.
BRUSSELS: B/1000-127 AVENUE LOUISE - TELEPHONE 400.080 - TELEX 6446 CARIBR-B

A complete and competitive banking service.

IMI ISTITUTO MOBILIARE ITALIANO

INDUSTRIAL FINANCE

a broad range of specialised financial services

- Medium- and long-term financing for industrial investment:
 - ★ at market rates
 - ★ at low-interest rates (small and medium enterprises, Southern Italy, depressed areas of Central Northern Italy, etc.)
- Equity participations
- Aid for industrial research and development
- Shipping finance
- Financial assistance for the promotion of Italian exports and activities abroad (export credit financing; buyer credit)
- Loans in foreign currencies
- Technical and financial consulting and assistance services, either directly or through affiliated companies; specialized short- and medium-term financing; leasing; underwriting; economic surveys and researches; technical and financial consulting; introduction of Italian enterprises on foreign financial markets; mutual investment funds; auditing; trusteeships.

IMI raises funds on the Italian and foreign capital markets principally by floating bonds which are listed on the Stock Exchange and are very popular among small and large investors.
Subscribed capital and reserves: \$3 billion Lire
Loans outstanding as of December 31, 1976: 9,000 billion Lire = \$10,286m.
Placed and outstanding bonds as of December 31, 1976: 7,568 billion Lire = \$8,849m.
Other medium-term borrowings as of December 31, 1976 = 1,020 billion Lire = \$1,166m.

Head Office: 25 Viale dell'Arte - 00144 Rome, Italy

Representative Office in London:
5 Cheapside, EC2V 6AA.
Telephone: 248 1091/2/3/4. Telex: 387671 IMI London.

Other Representative Offices in: Washington, Zurich, Brussels, Mexico City, Regional Offices in Milan, Turin, Genoa, Padua, Venice, Bologna, Florence, Rome, Bari, Naples, Catania. Monetary values in US dollars were calculated at the exchange rate of Lit. 875 to the US dollar.

Ru po

ntrol

IP CH Q
in the fo
sification in
and construct
biochemic
electric and n
ge-scale proje

هكزا من لاجل

ITALY III

Running out of political options

THERE IS room for a concise polemic so loved by Italian politicians when they have nothing positive to say, or at least when they feel obliged to speak but have no intention of actually saying anything of substance...

These commentators will see evidence of an inability to read between the lines, to detect the nuances which, it seems, are daily available to the experienced eye and ear in the outpourings, analyses and sub-analyses of the Press, radio and television almost without let-up.

Signor Benedetto Craxi, is long-ruling Christian Democrats have seen their popular support being eroded gradually over the years, first at the point where one-party majority rule was no longer possible, and then to the stage where the so-called centre-left formula, Christian Democrats and Socialists in coalition with or without some small party fringes, no longer represented a national consensus or a clear ruling mandate.

Control

question when it comes to the central Government. This ambiguity is, incidentally, facilitated in a way by the curious system of Italian devolution, spending power has been devolved in some measure to the regions, but it is Rome which still imposes the taxes—and tries to collect them.

Incidentally, the amount of newspaper and air time devoted to politics would convince all but the knowing that Italians take their politics seriously but just about nothing else. It is, of course, untrue, outside the ranks of the real party activists, or indeed in general outside Rome, since elsewhere in the country most people are too busy getting on with trying to make a living, some of them succeeding very well indeed, despite the current all-prevailing economic gloom.

This erosion, of course, happened precisely because the Communist Party, proclaiming its own brand of Eurocommunism (or, more correctly, taking credit for the birth of this concept) has made steady headway with the electorate to the present point following last June's general election, where it has more than one-third of the popular vote and is barely four percentage points (and only 55 seats in the Chamber of Deputies) behind the Christian Democrats.



has satisfied himself that all other parties will abstain. This, Andreotti says he is doing his best, that the time is not ripe for change, and anyway what day goes by without some Italian newspaper suggesting in screaming headlines that the Andreotti administration is about to collapse.

Andreotti himself hinting that he might take a few more "technocrats" into his minority Government, selecting them so as to represent leftist, if not outright Communist Party views.

Alliance

The Communists, wholly naturally, now want proportionate responsibility directly in government, the realisation of their long-proclaimed Com-promesso storico, or grand alliance in government of all Italy's anti-fascist forces.

Signor Andreotti consults the Communists and to a lesser extent the Socialists and the other party leaders on all important policy issues, and these are only put formally to Parliament when the Prime Minister

Strategy

The Communist leadership, a great many of whose rank-and-file supporters cannot believe that their party is actually sustaining the "hated" Christian Democrats in office, feels a need every so often—increasingly often in recent weeks—to reassure the party faithful that ultimate strategy is in their safe hands and that Signor Andreotti will only be allowed to go so far and no further.

Dominick J. Coyle

CTIP: HIGH QUALIFICATIONS

A company in the forefront of its field, with its advanced technology and diversification in many operating sectors. Design and construction of plant for the petroleum, chemicals, petrochemicals, biochemicals and pharmaceutical industry, and now for the thermo-electric and nuclear sectors. New large-scale projects in Colombia and Turkey.

CTIP is an engineering company specialising in the design and construction of petroleum, chemical, petrochemical, biochemical, pharmaceutical, food, nuclear and thermo-electric plants. For more than 40 years, CTIP has played a prominent part in the development of Italy's oil industry and has also diversified its range of activities to cover every sector of the economy, building complete industrial complexes for virtually all the leading multinational companies throughout the world.

Rapid advances in technology have given rise to even keener competition among leading engineering companies, resulting in the survival of the fittest and achieving a scale of values on the international level. The yardstick against which an engineering firm is measured today is its ability to create large-scale installations of maximum sophistication and specialisation.

As the list of these products has lengthened, the number and type of production processes have multiplied, particularly in the petrochemical and chemical industry, where there has been a rapid development of ultra-sophisticated and automated industrial complexes.

CTIP is already committed to a basic and applied research programme, in co-operation with an international body specialising in this field.

centrated on finding solutions to these problems. It has created a group of specialists within its organization whose efforts are devoted specifically to this sector.

Through their work, CTIP has been able to create large-scale industrial effluent treatment installations, not only in the oil and petrochemical industry but also in the field of biochemicals, pharmaceuticals and food.

CTIP is currently negotiating major contracts for plant inside and outside Italy. The company's high technology and the outstanding qualifications of its engineers are the hallmark of its work and the reasons why for years it has been in the forefront of every new development in industry.

CTIP provides industry with a full range of services in the design and construction of plant and in research. Whatever the type or location of plant, CTIP provides the optimum form of services, meeting all the specific needs that arise in dealing with each project. CTIP is prepared to accept full contractual responsibility for engineering in sectors such as:

THE OIL INDUSTRY Modern refineries are highly integrated complexes based on total automation, consisting of several process units served by general units, designed for optimum safety and efficiency. The most skilled and effective organization is needed in planning, designing and building a refinery to today's standards.

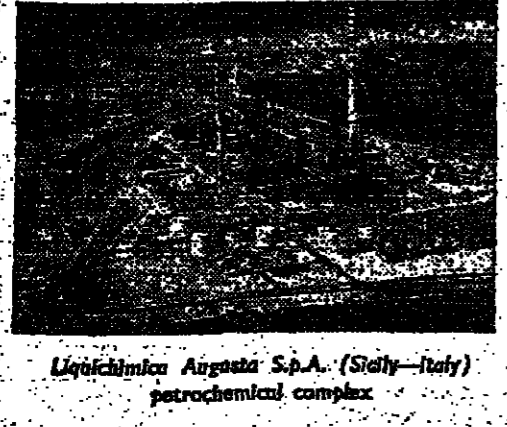
THE BIOCHEMICAL AND PHARMACEUTICAL INDUSTRY CTIP is one of the most forward-looking companies in the biochemical sector. Its engineers have conducted systematic research on biological systems and materials of biological origin and have made direct contributions to developments in fermentation processes, enzyme conversion and the biological treatment of effluent for the pharmaceutical and food industries.

THE THERMO-ELECTRIC AND NUCLEAR POWER CTIP and STONE & WEBSTER ENGINEERING CORPORATION have concluded an important co-operation agreement under the terms of which CTIP will be entitled to use STONE & WEBSTER'S technology in connection with the engineering design and construction of nuclear-powered and fossil-fired electric power generating facilities.

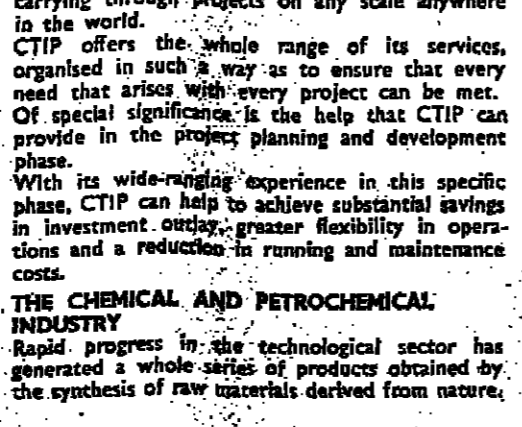
NEW CONTRACTS CTIP has recently been awarded two major projects in Colombia and Turkey. In Colombia, Policoisa has awarded CTIP the design and construction of an ethylene plant. This complex to be built at Barrancabermeja will have a production capacity of 100,000 tons a year to be used as feed stock for Policoisa polyethylene plants.

production will also be available for export on the international market. In Turkey, PETKIM—Petrokimya AS—has awarded CTIP contracts for the engineering and construction of a unit with an annual production of 120,000 tons of vinyl chloride (VCM) and a unit with an annual output of 100,000 tons of PVC.

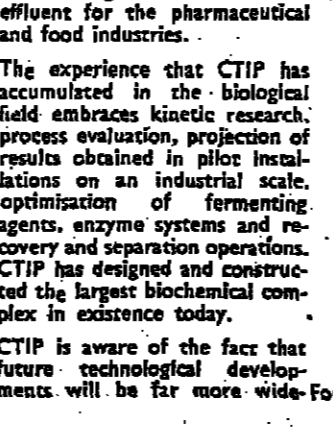
The plant whose investment costs will be about \$50 million, is to be designed and constructed by CTIP on the basis of process know-how provided by SOLVIC and will be located at Alaga near Izmir, Turkey.



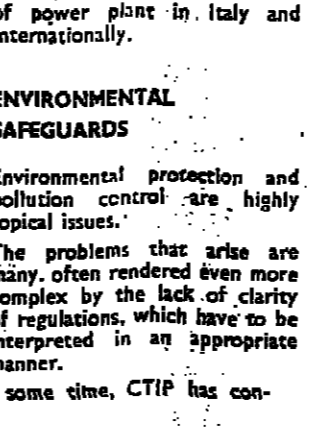
Liquichimica Augusta S.p.A. (Italy-Italy) petrochemical complex



CTIP is aware of the fact that future technological developments will be far more wide-



For some time, CTIP has con-



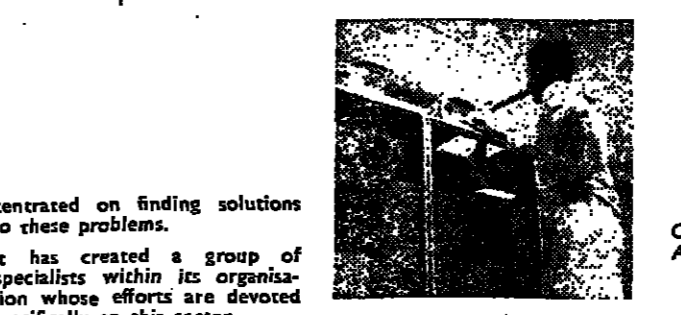
CTIP is an international organization with offices in Milan, Syracuse, London, Paris, and New York.



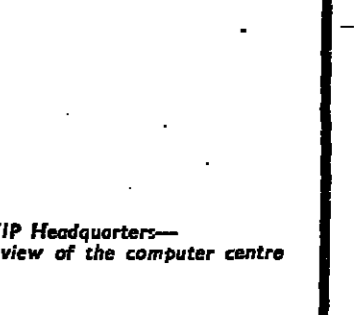
CTIP Headquarters—Scale model department



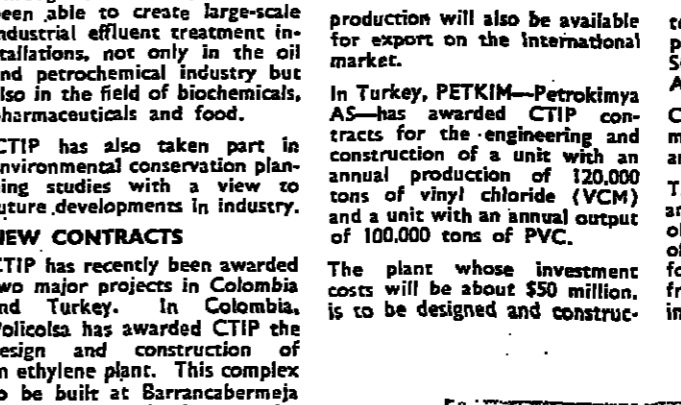
CTIP Headquarters—A draughtsman



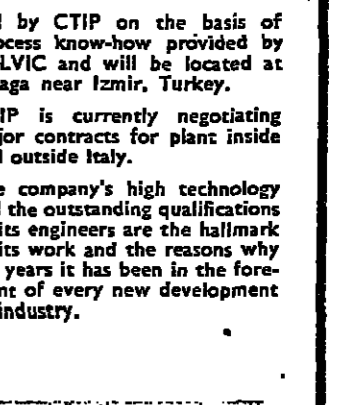
CTIP Headquarters—A view of the computer centre



CTIP is an international organization with offices in Milan, Syracuse, London, Paris, and New York.



The head office (left) is in the EUR business district in Rome. Its offices, where more than a thousand employees—including graduate engineers, technicians, draughtsmen and specialists—work, have all the latest equipment, including full workshop facilities and a large computer centre.



The head office (left) is in the EUR business district in Rome. Its offices, where more than a thousand employees—including graduate engineers, technicians, draughtsmen and specialists—work, have all the latest equipment, including full workshop facilities and a large computer centre.

ITALY IV

Trade deficit continues to rise

THE CONTINUING increase in Italy's overall trade deficit has prompted the Italian Government to step up its drive to promote Italian goods and services in the new markets of the Middle East oil producing countries as well as in other developing states and in the markets of Eastern Europe, where Italy has built up a presence since the last war.

Italy's overall trade deficit last year increased from L2,333bn. in 1975 to L5,402bn., and in the first month of this year the deficit increased to L418bn. as against L319bn. for the same month in 1976. Although the total value of exports increased by 35.2 per cent last year compared with the year before to L30,964bn., imports last year rose by 44.1 per cent to L36,369bn. At the same time, while import prices went up by 25.1 per cent last year compared with the year before, export prices only rose by 20.4 per cent.

With oil and agricultural imports accounting predominantly for the worsening of Italy's balance of trade, the Government has now launched a number of initiatives to attempt to reduce the heavy distortion created by the country's rising oil bill, which last year amounted to about U.S.\$10bn. Recently, the Italian Foreign Trade Minister, Signor Rinaldo Ossola, visited a number of oil producing countries in an effort to set up a strong Italian presence in these states and to encourage them to enter into barter deals whereby Italy would sell goods, services, know-how and technology in exchange for oil.

Signor Ossola's initiative, which has been followed up by visits to oil-producing countries by other Italian ministers, is a radical departure from traditional foreign policy. Only a few months ago, an Italian Left-wing member of parliament remarked that Italy's policy in the Middle East was in effect "non-existent" and that as late as 1975, Italy had only two official representatives for an area that included Kuwait and the Gulf Emirates.

This lack of Government support has been the source of considerable criticism in the past on the part of Italian industrialists wanting to penetrate new overseas markets as Italian products became increasingly less competitive in the traditional markets of Western Europe on account of Italy's rising labour and money costs. At the same time, many industrialists, who saw the domestic market shrinking with the economic recession, bitterly complain of seriously limited export credit facilities necessary to secure contracts in developing countries. The Government, however, is now proposing to rationalise and speed up the system of granting export credit facilities by bringing together under one roof the three elements in the current system—the financing agency, the monetary agency and the insurance agency. The new body is expected to speed up the process from six months to about one month. Other proposals include increase of insurance coverage for short-term credits and the reorganisation of Italian trade centres abroad including the opening of new centres in Cairo, Tehran and Jeddah.

industrialists wanting to penetrate new overseas markets as Italian products became increasingly less competitive in the traditional markets of Western Europe on account of Italy's rising labour and money costs. At the same time, many industrialists, who saw the domestic market shrinking with the economic recession, bitterly complain of seriously limited export credit facilities necessary to secure contracts in developing countries. The Government, however, is now proposing to rationalise and speed up the system of granting export credit facilities by bringing together under one roof the three elements in the current system—the financing agency, the monetary agency and the insurance agency. The new body is expected to speed up the process from six months to about one month. Other proposals include increase of insurance coverage for short-term credits and the reorganisation of Italian trade centres abroad including the opening of new centres in Cairo, Tehran and Jeddah.

Italy's overall trade deficit last year increased from L2,333bn. in 1975 to L5,402bn., and in the first month of this year the deficit increased to L418bn. as against L319bn. for the same month in 1976. Although the total value of exports increased by 35.2 per cent last year compared with the year before to L30,964bn., imports last year rose by 44.1 per cent to L36,369bn. At the same time, while import prices went up by 25.1 per cent last year compared with the year before, export prices only rose by 20.4 per cent.

Proposals

Italian exporters, however, regard these proposals with a degree of cynicism and point out that Italy is currently losing out on the East European markets because of limited export credits. Last year, Italy granted the Soviet Union some \$U.S.900m. in credit for Italian exports and Russia is now pressing for an additional credit of \$850m. Unless new credits are available, and these seem unlikely because of Italy's precarious financial condition, exporters say they could lose out heavily against their international competitors not only in the Soviet Union but in many other markets with promising long-term prospects.

The Government's initiatives in oil-producing countries, however, have been welcomed. Already there has been a significant increase in Italian contracts in Arab countries, and Signor Ossola is now urging the development of triangular-type operations whereby petrodollars be recycled to finance the development provided by western technology and know-how of countries like Egypt, Sudan, Tunisia and the reconstruction of the Lebanon.

Signor Ossola recently pointed out that oil producing countries had revealed a limited capacity to increase their imports from the west, and hence it became crucial, at a time when consumer countries were finding it difficult to increase their indebtedness, to find rational ways to recycle petrodollars. Italy alone, Signor Ossola said, had to contend with an oil deficit of the order of some \$4bn. with Arab League member states, which effectively accounted for about 50 per cent of the country's overall trade deficit.

However, the great push in the new markets of the Arab world has been led by Italy's large state and private enterprises. It was the Agnelli family Turin-based group, Fiat, Italy's biggest private enterprise, which sealed at the end of last year perhaps the most celebrated deal with an oil producing country to date. The \$252m. deal between Fiat and the Libyan Arab Foreign Bank acting on behalf of the Tripoli regime, whereby the Libyan Government acquired an initial 9 per cent stake in the Italian group, represents a breakthrough in the context of recycling petrodollars. By entering into Fiat, the Libyan Government has acquired a partnership in one of Western Europe's major industrial concerns and consequently a presence in the industrialised world itself. At the same time, Fiat has managed to guarantee itself the necessary funds for its long-term investment programme and an opening in the markets of the Maghreb.

The Fiat-Libya deal could have even wider repercussions. The sudden trip to Moscow last year of the Fiat chairman, Signor Giovanni Agnelli, to meet Colonel Muammar Khedafi of Libya and Soviet officials has been widely regarded as an attempt to build a triangular trade system between the Soviet Union, Italy and Libya. The operation would work in the following way: the Russians currently face serious financial difficulties; Libya with its vast resources wants to insert itself in the industrialised world; and Fiat—which is involved in the Soviet Union with the Togliattigrad Motov manufac-

turing plant, and which last year renewed its technical co-operation agreement with Russia for five years—requires credit to expand its technology and its markets.

Deal

Signor Agnelli has said he hoped that the deal between his group and the Libyan Government would be the beginning of similar ventures which would strengthen the ties between the industrial and the developing world. Europe, according to Signor Agnelli, must respond to the "Arab challenge," while the Arab world should use its financial surpluses to cure both the old and new imbalances in the world economic order. By directing their capital to Europe, Signor Agnelli believes that the Arab countries would create the base to guarantee a fundamental change in Arab-Europe relations.

Major enterprises like Fiat or the Italian State hydrocarbon concern, Ente Nazionale Idrocarburi (ENI), have traditionally been key factors in building up Italy's presence in the Middle East. For years, ENI has been calling for producer-consumer agreements whereby consumer countries would get oil in exchange for goods and services to help develop the oil countries. As early as 1955, Signor Enrico Mattei, the founder of ENI, led the way in this type of co-operation when he offered Egypt co-ownership in the Abu Rudels oil fields in the Sinai Desert. In 1957, he negotiated a similar agreement with Iran, granting the National Iranian Oil Company (NIOC) a joint 50 per cent stake in an oil concession.

Although still subject to approval by the two governments, ENI has now reached agreement with NIOC to establish a joint refining and distribution company for Europe and Africa. Both politically and commercially, ENI is expected to regard the deal as a major breakthrough, which will guarantee it on a long-term basis and at a favourable price. It will also be the first time that an oil producing country has entered into downstream operations internationally, for

by taking a 50 per cent stake in the new company Iran will acquire equal interests in ENI's two European and four African refineries, and some 2,000 distribution points spread over 20 countries. The deal, which excludes ENI's Italian interests, hinges on firm guarantees from Tehran and the Italian Government to invest 50 per cent of its profits from the joint venture in Italy by buying Italian goods and services.

Another major Italian company, Finisider, the steel subsidiary of the State holding company IRI, is currently negotiating a \$1.4bn. steel and industrial complex for the southern Iranian port of Bandar Abbas, where another IRI subsidiary, Italtimpianti, is working on the construction of a \$700m. harbour. The new harbour, to accommodate 40 large-tonnage ships, will include a new road and railway network. And wherever possible, Italtimpianti is using Italian equipment.

The use of a consortium and the device of subcontracting to other Italian concerns have become predominant features in Italy's penetration in new Middle East markets. In this way, the bigger groups have

opened up the fast expanding markets of the Middle East, Africa and Latin America to smaller enterprises. ENI is now proposing to form a State trading company based on the Japanese model and grouping several Italian concerns into a consortium, which would then sell complete packages of technology, know-how and equipment to a third party. Some of the smaller companies are now working practically exclusively in the overseas markets as a result of the paralysis of some sectors of the domestic market—in particular the domestic construction and civil engineering industry, chronically hit by the credit squeeze, the high cost of money and labour and the low level of public works orders.

Creation

The other device Italian enterprises have used, and one which ENI is about to embark on, is the creation of foreign-based holding companies to insulate Italian economic climate and help them secure new capital on the international market. This capital is then used to expand the overseas activities

and investment of the various concerns. The holding company is also part of the wider concept of "internationalising production" through financial operations, whereby an Italian company seeks a foreign partner to share the risks of its selling or selling to a third party.

There are a number of variations of this so-called "internationalisation of production." For instance, ENI and the Soviet Union jointly agreed some years ago to supply technical and scientific co-operation to Iraq. Another variation is the attempt by some companies to widen their market penetration by acquiring minority shareholdings in new industries set up in developing countries. One system, which has been used by the mixed state-private chemical conglomerate Montedison, is the supply of equipment and know-how against payment in the form of goods produced by the same plant set up in the first place by the Italian concern, which would then sell the goods on the international market.

The sale of licences to developing countries for the production of goods directed for export is yet another example.

Last year Fiat inaugurated Brazilian plant at Belo Horizonte, which has a projected capacity of 200,000 cars a year. The 127 car, destined for the Brazilian domestic market, while engines are principally for Fiat, simultaneously, mounts on some of its models engines built in Poland with Fiat licences in Poland Yugoslavia.

The combination of the absence of Government initiatives and the lack of credit facilities has led Italian companies, both large and small, to rely on their devices to push up their export at a time of depressed demand. The new initiative both a diplomatic and a credit level are seen viewed with caution, as has the lira devaluation which given a short-term impetus Italian exports. In the term, Italian companies are urged that their own will no longer be sufficient to insulate them from increases higher labour and import.

Paul B

Strong commitment to EEC principles

IT IS quite some time since the Italian Parliament debated foreign policy, an accurate reflection perhaps of the fact that the electorate as a whole is not over-concerned with Italy's view of the world, or indeed the world's view of Italy.

It is not necessarily that Italians are an insular people, although to an extent they are, but they have a great many other preoccupations right now, and for the foreseeable future. Yet whatever the popular indifference as to detail, the country is, largely speaking, behind the broad substance of Italian foreign policy which, like that of most countries, is based on two fundamental considerations—how best to advance Italy's position internationally, not least in terms of trade, and how to influence the world's view of Italy, an important factor at this time when it is generally, but not universally, assumed that this could shortly be the first Western country in which the Communists will reach a meaningful share in the government process through the ballot box.

Alliances

Such an eventual coalition, of course, poses major foreign policy questions—both to Italy itself and to its present allies—but for the moment, policy is based firmly on what could be referred to as "alliances." Italy is a member of Nato (and the Italian Communists say that they want to keep it that way), is strongly committed to the European Community and to the principles and ideals of the United Nations. It maintains what are described officially as "proper and adequate" relations with the Soviet Union and also with China, has for obvious geographical reasons an important interest in what happens in Yugoslavia after the death of Tito, with whom an amicable settlement has now been reached over the disputed Trieste zone, is aware of the need to consolidate further its links with the OPEC countries and is becoming more diplomatically active both in Africa and South America. Additionally, and in somewhat of a special, if ill-defined way, Rome sees itself as having a special interest and influence in the Mediterranean theatre. For the record, Italy to-day has diplomatic relations with 135 countries, or just 12 short of the present membership of the United Nations.

In this world kaleidoscope for Italian diplomats, some areas obviously take priority, principally membership of the EEC and relations with Washington. Last month the European Council met in Rome to mark the 20th anniversary of the signing of the Treaty of Rome, and the Italians celebrated the visit in a way by being the first of the Nine to ratify formally the commitment to direct elections to the European Parliament. Indeed, Italy's commitment to the EEC as a whole is total, of whatever may be the short-term arguments—just now, agriculture is the celebrated candidate—and perhaps nowhere was Britain's arrival into the Community more genuinely welcomed than in Rome, in part because Italians have always had an instinctive feeling that something of a close London-Rome axis is necessary to offset where, on the basis of last year's general election, the Communist Party represents more than one in three of the popular vote.

That concern is rather less so today in the case of France, and few people here reject the reality of West Germany being the major market force in the Community. Indeed, few Italians privately rejected the "two-tier" concept of a two-tier Europe, but what does concern Italy's professional diplomats is that the country now risks sinking "into a third Mediterranean tier" under the weight of its recurring economic and social problems which the absence of a stable political system makes difficult, if not impossible, to resolve.

And it is the professional civil servants who, in a real sense, against a constitutional sense, maintain—and indeed, more often than not, actually formulate—the course of Italian foreign policy. There is, of course, a Minister with Cabinet responsibility, Sig. Arnaldo Forlani, but perhaps more than in any other member of the nine, the career diplomats are very much in charge. Italian ministries are not notorious for being models of efficiency, but at least relative to Italian standards, the Foreign Ministry here is an exception.

It is, incidentally, itself just now going through a trauma of sorts, arising from attempts by the big trade union confederations not only fully to "unionise" the Ministry, but to win what would amount to complete inter-changeability of personnel below a certain rank as happens between almost all ministries. The result, in theory at least, could be that a first secretary in Italy's London Embassy to-day could find himself next week at a different job, but with the same rank, in, say, the police department in Palermo. Not surprisingly, the staff of the Foreign Ministry are muttering about internal revolution, and top civil servants are asking how such a system of mobility can be harmonised with the need for efficient and experienced diplomats.

That relative diversion apart, there is more immediate concern about the new Carter Administration in the U.S. and fears that Washington may be re-examining its traditional relations with Rome. This, of course, directly concerns the Communist question, and the long-ruling Christian Democrats have made much use in the past of the none too thinly veiled threat that, irrespective of domestic factors, "Washington would never tolerate Communists in the Italian Government."

Certainly, the attitude of Dr. Henry Kissinger, when he was U.S. Secretary of State, to the possibility of the Communists coming into government tended to reinforce the Christian Democrat viewpoint, whereas President Carter has been putting a great deal of emphasis on a policy of non-interference in the internal affairs of other countries. Some of his advisers have even been heard to say that an administration, which talks directly with

Moscow, and which of late has had tentative contacts with French Communists, should not adopt a complete hands-off attitude when it comes to Italy where, on the basis of last year's general election, the Communist Party represents more than one in three of the popular vote.

In fact, however, few people in or close to government in Rome actually expect a major shift in U.S. policy towards Italy, but they could be un-nerved should the new American envoy, Mr. Richard Gardner, initiate the type of diplomatic contacts with Italian Communist leaders which, in other countries, might be considered as being of no more than a routine or courtesy nature. But then this is Italy, and the mere possibility of some small change in Washington policy vis-a-vis Italian Communists is bound to put some strains on "bilateral" relations between the two countries. Mr. Gardner, for his part, has said privately that he has no wish to avoid contacts with the Communists, but "I do not want to give the wrong signals."

Dictated

With the OPEC countries just now, and perhaps to a somewhat lesser degree with the Soviet Union more generally, Italian relations are dictated very much by the principle—and certainly by the hope—of trade following the flag. Italy's dependence on imported energy is almost total and there is now a clear need to try to balance (at least in part) the country's mounting oil deficit, a need which, as shown elsewhere in these pages, is being met quite successfully. Trade, too, is a major factor in links with Moscow, although the limitation to further expansion at this time is Italy's own economic troubles and an inability to extend new credit to the USSR. There is, in addition, even if seldom mentioned publicly, a feeling that relations with the Soviets take into account the fact that the Communists, whatever insistence on their total independence within the Communist world, do represent a force inside Italy. It is important, therefore, why it does not like having any quarrels with Moscow, and they do have their private quarrels.

Lastly, there is the II position in the Mediterranean. Italy has taken a number of initiatives to try to restore good relations between Greece and Turkey, both the unresolved Cyprus question and the Aegean dispute, and the Greek application for membership of the EEC warmly welcomed public Rome as elsewhere in the It remains true, nonetheless that Italy shares in private concern of other EEC members about the problems and difficulties posed by Communist largesse. More specifically the economic field, Italy, with France as two major agricultural producers, a concern about farm yields from Greece as a member consideration which, in a degree, would apply to Spain, Portugal and Turkey.

But at least in the respect, Italy is little different from other Community members in the conflict between "public welcome" and its private concern "for economic self-interest or flexibility" both, and overall these, the operating guidelines were of Italy's foreign but within the concept strong commitment to, all

ENTE AUTONOMO MOSTRA INTERNAZIONALE CONSERVATI Parma presents two Fair 4th INTERNATIONAL DAIRY INDUSTRY EXHIBITION Parma - 27th April / 1st May 1977 1st International sub contracting Exhibition Parma 19th - 22nd May 1977

Rumianca Sud Acrylonitrile plant at Cagliari RUMIANCA A new large industrial concern

July 1975

هنگامین الاصل

Fiat is more than the Fiat you have always known

1899: Fiat Automobiles.

Since 1903 Fiat Commercial Vehicles.

Since 1908 Fiat Aviation.

Since 1917 Fiat Railroad Systems.

Since 1919 Fiat Tractors...

Since 1976

The Fiat Holding Company

The new Fiat is an industrial holding company with eleven operating groups.

This new organizational setup is the outcome of the need to diversify the Company's product and production strategies.

The new structures call for management flexibility, personal initiative, and decentralization.

Constituted in 1976, the new Fiat is a vital force with about U.S. \$ 1,150 million of investments, about U.S. \$ 11,000 million sales, and a total of 330,000 employees.

Automobiles The automobile is still the mainstay of the Fiat Holding Company. In 1975, the Company sold 1,350,000 automobiles, 55% of them to 150 export markets. This achievement is the outcome of the wide diversification of Fiat models, each of which fills a different niche in the market, but an essential role has also been played by the rational co-ordination of the three companies, namely Lancia, Abarth and Ferrari, all members of the Fiat Automobile Group.

Fiat autos are assembled or produced under licence in 50 plants in 25 countries with 148,000 people on the payroll.

Fiat has also built large industrial complexes which are operated under varying organizational setups in Brazil (Fiat Automoveis), Argentina (Fiat Concord), Spain (Seat), Yugoslavia (Zavodi Crvena Zastava), and Turkey (Tefas), FSO and FSM in Poland and VAZ at Togliatti in the Soviet Union are other major Fiat projects.

Commercial Vehicles IVECO (Industrial Vehicles Corporation) is the result of an agreement between Fiat and Klöckner Humboldt Deutz. This new company, in which Fiat has an 80% interest, co-ordinates the commercial vehicles activities formerly carried out by Fiat Commercial Vehicles, OM, and Lancia Special Vehicles in Italy, Unic in France, and Magirus Deutz in West Germany.

IVECO operates 14 production and assembly plants, employs a workforce of 50,000 people, produces a range of 200 basic models for all types of transportation, and had an output of 103,000 units in 1976.

Agricultural Tractors Fiat Tractors and its licensees have seven plants, two in Italy, one in Turkey, one in Yugoslavia, one in Romania, one in Zaïre, and one in Argentina. They employ a total of 8,000 people and produced about 80,000 tractors in 1976.

The range consists of 50 models (two- and four-wheel drive or crawlers) with power outputs from 28 to 160 hp.

Fiat Tractors has produced a total of over one million units to date and is the world's leading manufacturer of crawler units for agriculture.

Steel The Steel Group (Teksid) consists of six different divisions: Steel Foundries, Cold-Forming, Forges, Tooling, and Engineering. Already Italy's major producer of special steel, Teksid plans to boost its output in this area to one million tons by 1978. But Teksid is not only steel. It also operates one of Europe's biggest foundry complexes using the most advanced production technologies. The latest cold extrusion and drop forging methods are also employed.

The Steel Group has 17 plants with a combined workforce of 30,000 people. New industrial facilities costing about U.S. \$ 300 million planned for 1982.

Construction Machinery Fiat-Allis is the first international joint venture company entered into by Fiat (with a 77% stockholding) and Allis Chalmers 23%. The new company combines the earthmoving equipment production and marketing activities and its basic range consists of 47 different models which are produced in seven plants, of which three are in Italy, two in the U.S., and one each in Brazil and the U.K.

Fiat-Allis has 11,500 employees and a yearly output (in 1976) of 9,500 units.

Energy The energy and energy exploitation activity of the Fiat Holding Company in this area includes the most technologically advanced sectors, such as thermonuclear power stations.

The Energy Group is made up of Fiat Aviation and Fiat Thermomechanical-nuclear and Turbogas Division (Fiat-TTG). Gas turbines, diesel engines for ship propulsion and railway applications, plus nuclear power reactors and components are manufactured in five plants employing a total of 4,500 people.

Rolling Stock and Rail Transportation Systems With its sound and long-established tradition, "Fiat Ferroviaria Savigliano" is responsible for the production of technologically advanced rolling stock. The "Pendolino", the world's first variable-inclination electric unit (now in regular service) and the standard European bogie are two cases in point.

"Fiat Ferroviaria Savigliano" also manages (on a 50-50 basis with Efim) Fiat's stockholdings in the O.M.E.C.A. (Reggio Calabria) and Ferrosud (Matera) companies.

The Rolling Stock Division of Fiat Concord has a plant at Cordoba, Argentina.

The Group employs a total of 4,100 people.

Components The activities of the Fiat companies operating in industrial and vehicle components make up the Components Group of the new Fiat Holding Company.

This Group employs over 30,000 people in 46 plants and 40 laboratories engaged in the most diversified fields of production, namely alloy wheels, shock absorbers, steering wheels, electrical materials and equipment (for motor vehicles), paints, lubricants, carburetors, piston rings (for ship diesel engines), compensators, refrigerator compressor units, plus computers and software for automated systems — all characterized by high standards of quality and reliability.

Machine Tools and Production Systems Comau is a big new company with 11 plants and 5,800 employees, merging the following well-known companies formerly engaged individually in the special-purpose machine tool production sector: M.S.T., Morando, Colubra Lamsat, and IMP, in addition to Berto Lomet, Impes, and UTS. These companies have provided the tooling for a number of major plants all over the world, for example at Togliatti in the Soviet Union (Vaz), in Poland (FSO and FSM), Yugoslavia (ZCZ), Spain (SEAT), Turkey (Tofas), Brazil (Automoveis and FMB), and Italy (Mirafiori and Rivalta in Turin and Sofim at Foggia). Orders have also been received from all the leading European auto makers. Recently, Comau signed a contract to supply production installations for an earthmoving equipment plant at Ceboksari in the Soviet Union.

Civil Engineering and Land Use Construction of major public works and industrial complexes, town and country planning, and service organization are carried out by the Fiat Holding Company through Impresit, a leading contractor which operates all over the world in co-operation with associated companies or as a member of international joint ventures. Fiat's present involvement in this area is reflected in more than 150 major construction sites with 50,000 people on the payroll.

The Fiat-Engineering Company and other organizations within the Group concentrate on the executive design of factories and large-scale industrial facilities as well as on industrial building (production by Prefim of heavy prefabricated components).

Real estate development is carried out by Imprivest in Italy and by USIF abroad.

Tourism and Transportation Ventana has incorporated all the tourist companies operating within the Group and can now offer a host of services ranging from the sale of travel tickets to the arrangement of package tours and holiday accommodation.

Its sales network includes 25 travel agencies in Italy plus five representative offices and over 300 related agencies all over the world. Fiat is also involved (through Sita and eleven subsidiary companies) in the field of passenger transportation, and it holds stock (through Fitur) in Terme Vescine, Alsa Alberghi Sardi, Valtur, and Alpila.

The Group employs 4,000 people.



Farmers unable to keep pace

IT MAY sound rather mundane but it is in fact the changing eating habits of the average Italian over the last 25 years which constitute a major, if not predominant, factor in the basic structural weakness of the country's overall balance of payments situation. The average Italian diet in effect, consisting of pasta and steak or baby veal ultimately has as big an impact on the country's increasing payments deficit as Italy's continually rising energy bill. Ironically, whereas Italy, with little energy resources of its own, is forced to import something like 140m. tons of crude oil a year, it possesses the agricultural potential, with its vast acreage of rural land, to compensate for the higher cost of oil and other imports.

Official statistics show that out of an overall trade deficit of L3,402bn. last year, nearly 90 per cent was the result of an agricultural deficit of L3,140bn.—an increase of L1,046bn. on the previous year's farm deficit. In contrast, Italy's oil bill last year of L6,676bn. was only double the farm deficit. And while the Government is attempting to effectively reduce the country's oil deficit by launching a series of partnership deals in the oil producing countries, little seemingly appears to have effectively been done to restructure the Italian agricultural system.

Only 25 years ago the country was able to feed itself from its own domestic agricultural output. In 1951, for instance, domestic meat production stood at 7.9m. quintals and was about equal to consumption. By 1973, however, when domestic meat production had risen to about 23m. quintals, consumption had already reached 34m. quintals. Last year, Italy spent L1,176bn. on meat imports alone, while domestic production in the first 10 months of 1976 (according to the latest available figures) amounted to only 17.2m. quintals. In other sectors too, demand has vastly overtaken production. Imports of maize, for example, increased from L.450bn. in 1975 to L.508bn. last year, while imports of cheese to a country, which produces abundant varieties of its own increased from L.188bn. in 1975 to L.273bn. last year.

There are historical reasons for this widening gap between

demand and agricultural production. They can be traced back to the years of economic expansion of the 1950s and 1960s, which led to a sharp rise in consumption and provoked a radical change in the eating habits and culinary demands of the average, and indeed even poor Italian. It could be compared to the rush to buy television sets when television first hit the market. It was a straightforward evolution in consumer behaviour. With the economic expansion and industrial transformation of the country, the great mass of Italians, who until then had been too poor to eat beef or veal, suddenly were able to afford them. The extent of the demand for beef and veal pushed up their prices so fast that they even out-paced the rate of growth of national income. These prices, at the same time, helped raise the cost of living.

Distortions

The high prices of beef and veal produced serious distortions in the country's livestock raising sector. While more and more calves were imported for fattening to meet ever increasing demand, there was a simultaneous decline in the number of dairy cattle and a halt in the growth of lean-pork pig farming. In comparison to beef and veal production, dairy farming was only marginally profitable and there was a progressive fall in the number of farmers and labourers in this sector.

At the same time, successive governments did little to encourage investments to guarantee a rational long-term structure for Italian agriculture. In the depressed south, both the long ruling Christian Democrats and the powerful Communist Party promoted a policy of industrialisation which led to the famous "castles in the sand"—high technology industrial projects in areas devoid of proper infrastructures and services—instead of developing a potentially rich rural economy. Concurrently, the high salaries paid by the big industrial groups of the north like Fiat, in comparison to the national average, together with a lack of jobs in the south, drew large numbers of the agricultural workforce away from the land.

The decline of Italy's agricultural population, despite the considerable increase in agricultural wages and the current scarcity of jobs in industry, continues. In 1975 it dropped by 4.8 per cent, and last year by a further 1.2 per cent to just under 3m. people.

The fragmentation of agriculture into some 3.5m. farm units, the majority of which are small and archaic, has seriously undermined the country's agricultural structure. This fragmentation was again principally the consequence of the policies of the country's political forces who sought to gain the support of the small peasant class by inducing them to become small private farm holders. The notorious reform plan of the late 1950s in the Tuscan Apennine and Maremma region is a case in point. Under the administration of an agency known as "Ente Maremma," large farms holdings were split. Mesadri or tenant farmers, who paid their rent in the form of produce rather than in cash, were encouraged through Government subsidies to buy the plots they formerly farmed. The agency also attempted to draw families from the Mesogiorno or Sardinia by offering them small farmsteads with long-term repayment facilities. The families came. After a year they left. The farmsteads are now abandoned and decaying all over the hillsides.

Italian agriculture has also in a sense suffered from Common Market membership. The Common Agricultural Policy has in effect concentrated more on support policies which fundamentally have protected the consumer rather than devoting aid for structural change in agriculture. Although the European Agricultural Ministers decided to devalue the "green lira" at their meeting in Brussels last month, which will help boost Italian agricultural exports but will at the same time increase the Italian cost of living by an estimated 1.8 per cent, the EEC so far this year has done little, according to members of the farming community, to assist Italy's efforts to build up domestic production. EEC farm subsidies are also widely regarded as a stimulus for high cost and often inefficient production. Although Italy has welcomed the possible enlargement of the

EEC through the eventual membership of countries like Greece, Spain, Portugal and Turkey on political grounds, it is nevertheless concerned about the threat these countries could pose to a large sector of its agricultural exports, particularly fruit, vegetables, wine and olive oil. These products jointly account for about 70 per cent of Italian agricultural exports. Last year, Italian vegetable exports increased from L1,182bn. in 1975 to L2,280bn., while fruit exports dropped to L445bn. compared to L483bn. the previous year. As regards wine, which has been the source of continuing friction between ports last year increased from L25bn. in 1975 to L240bn.

Although the wine war with France is perhaps one of the most celebrated instances of economic divergencies on agriculture between Community member states, the row between Tunisia and Italy on the question of EEC restrictions on Tunisian olive oil exports is an indication of the split interests which could unsettle wider European agricultural co-operation with the entry of the Maghreb and other Mediterranean states in the broad framework of the Community. It was the conflict of interests over olive oil between Italy and Tunisia which is believed to have prompted the so-called "sardine war" between the two countries when Tunisia seized a number of Sicilian fishing vessels off its southern coast. Diplomatic observers in Tunis interpreted the Tunisian move as retaliation against Italian obstruction to its olive oil exports.

These are, however, peripheral problems for Italian agriculture. The crucial issue is the reconstruction and modernisation of a sector which, in the words of a joint communiqué issued last week after a meeting of representatives of the country's democratic parties, should "provide 90 per cent of Italy's total food consumption needs." Although the Government has attempted to reduce the growth in consumption by a series of devices, including a raising of value added tax on meat or threatening to introduce meat rationing, this, as the Communist Party has pointed out, is no long-term solution. According to the Communists, it is now no longer possible to change the

consumption patterns of the country. The country must therefore look towards a rational agricultural reform plan. To this end, economic spokesmen of the country's political parties, in an unusual display of unanimity, agreed last week on a number of measures urgently needed to boost production. These included among others the cultivation of abandoned hillside regions, a programme of olive plantations in the south to rationalise production into larger, more mechanised units and for greater investment in irrigation and re-afforestation. The aim too is to raise the quality of not only cattle and livestock, but also of wine production.

However, out of a total of

L33,317bn. invested in the country last year, only L2,334bn. or 8 per cent—went to agriculture. Of these L2,334bn., as a small proportion came from public expenditure. Yet agriculture employs nearly 15 per cent of Italy's total labour force and represents about 9 per cent of gross national product. Consequently, if this vital economic sector is to be exploited to its fullest potential, the State will somehow have to find the necessary funds for wide-scale investments. It will also have to think its ambitious industrial reconversion plan and channelling some of the funds into agriculture rather than support, as has done overwhelmingly in the past, industrial development at the detriment of the rural sector.

BANCA POPOLARE DI NOVARA

Founded in 1871

As at 31st December 1975

Share capital: Lit. 6,848,983,000; Reserves and Funds: Lit. 146,780,420,480.

Deposit and current accounts over Lit. 3,650 billion.

Registered and Head Office: NOVARA, Italy. 332 Branches in Northern and Central Italy. Representative Offices in Brussels, Caracas, Frankfurt am Main, London, New York, Paris and Zurich.

* To be opened shortly

2nd European salon for knitting and hosiery machinery

in BUSTO ARSIZIO (Varese) 19th-23rd May 1977

Knitting and Hosiery Machinery; Finishing of Knitted Fabrics; Making up of Knitwear and various Accessories.



For information: ENTE MOSTRA TESSILE Palazzo delle Esposizioni-Viale Borri, 21-C.P. 330 21052 BUSTO ARSIZIO (Varese) Italy—Tel. (0331) 634378-635229 Telex 36396 ENTE MOSTRA



together in Italy

Sanpaolo and its many-sided services

For all your banking requirements in Italy and worldwide

ISTITUTO BANCARIO SAN PAOLO DI TORINO

Administrated Funds over 8,000 billion lire

Banco Ambrosiano

MILAN - VIA CLERICI, 2 - TELEX 31204

Affiliated and Associated Institutions:

BANCA DEL GOTTARDO S.A. Lugano • BANCO AMBROSIANO HOLDING S.A. Luxembourg • LA CENTRALE FINANZIARIA GENERALE S.p.A. Milan • TORO ASSICURAZIONI S.p.A. Turin • BANCA CATTOLICA DEL VENETO S.p.A. Vicenza • CREDITO VARESE S.p.A. Varese • BANCA MOBILIARE PIEMONTESE S.p.A. Turin • BANCO D'IMPERIA S.p.A. Imperia • BANCA PASSADORE & C. S.p.A. Genoa • BANCA ROSENBERG COLORNI & Co. S.p.A. Milan • CISALPINE OVERSEAS BANK LTD. Nassau • ULTRAFIN A.G. Zurich • ULTRAFIN INTERNATIONAL CORPORATION New York • IL PIEMONTE FINANZIARIO S.p.A. Turin.

▲ Banco Ambrosiano belongs to the Inter-Alpha Group of Banks, formed by the following institutions:

BANCO AMBROSIANO Milan • BERLINER HANDELS-UND FRANKFURTER BANK Frankfurt • CREDIT COMMERCIAL DE FRANCE Paris • KREDIETBANK S.A. Bruxelles • NEDERLANDSCHE MIDDENSTANDBANK N.V. Amsterdam • PRIVATBANKEN A.S. Copenhagen • WILLIAMS & GLYN'S BANK LTD. London • Representative offices in Hong Kong, New York, São Paulo, Singapore, Teheran, and Tokyo.

Bankers unhappy

THE QUESTION needed to be put. How, I asked, was business on the Milan Bourse? The answer from a broker who like his colleagues has been through three very lean years was explicit: "What with Treasury bills yielding seventeen per cent, and the Government's decision to raise the withholding tax on dividends to fifty per cent, need you ask?" Even more explicit was the comment of a Milan Banker when asked if the Italian Bourse was nowadays any sort of market for companies seeking new capital. It is, he replied "just a bucket shop."

Well, these are indeed bad times in Italy, although the banker's comments just a little extreme. The Bourse does serve a purpose, but not much right now. An estimated 80 per cent of all deals take place outside the market. Of the volume actually transacted within the Bourse last month some 65 per cent was accounted for by deals in ten shares (out of 151 listings), including Fiat, Pirelli, Montedison and Olivetti. The average equity yield, just to complete the picture, was under 4 per cent.

Deposit

It is hardly a climate to encourage investors, and Italians anyway have traditionally put their savings on deposits with the banks and the saving institutions, although just now they are tampering with the short end of the Treasury bill market. The banks, in their turn, have provided industry—private and public—and the local authorities with most of their funding, all nominally on the Italian equivalent of a one-year overdraft, but in fact on an open-ended commitment—the recovery of which in at least some cases must be highly questionable. But the banks in Italy do not believe in writing off "bad debts," and on current rates the interest rollover tends to double the repayment commitment every four years or thereabouts.

The spread between Italian deposit and lending rates is enormous compared with anything in the loosely-defined Anglo-Saxon banking world, and as a consequence the banks here do very nicely indeed, even though their published profits tend to be understated. This applies almost equally to the

foreign banks operating in Italy. They may have few time deposits, but there is a developed domestic money market, and the spreads are almost equally generous. Indeed it is fair to say that in both good economic times and bad, as of now, the banking community has little to complain about.

This does not of course stop the banks from complaining, and it is a fact that a sizeable proportion of their available deposits is effectively frozen, what with the Bank of Italy's minimum reserve requirements and the need—backed up by compulsion—to support the bond market. But these are at least vehicles of sorts for deposits, since with a discount rate at an historic high of 15 per cent, there is no actual flood of commercial borrowers willing to buy money at as much as 25 per cent, depending on their credit rating. Italian industry as a whole—and there are of course exceptions—is now operating in the red. There are few profits to be ploughed back into expansion, and fewer still that would justify in most instances a recourse to the banks for fresh capital at current rates.

This is generally the situation in the private sector of industry, but the vast public sector is undeniably more rigid. It is in this area that the banks come under outright political pressure to provide what are sometimes little more than operating funds—always, it is claimed, while the Government examines the long-term needs of the companies concerned, coupled with the inevitable promise of "restructuring." The banks continue to pay out, often because they are already so committed that there seems to be no real alternative.

Former Bank of Italy Governor Dr. Guido Carli, who in his central bank days presided over many a crisis meeting concerning the finances of important State-sector companies, has come up with the notion that the banks should consider trading their generally over-extended positions with much of the semi-public and some of the private sector for equity—the theory at least being that in more favourable economic times, the banks in turn could sell off their extended portfolios to private investors. Italy's powerful Communist

CONTINUED ON NEXT PAGE

BANCO NAPOLI

Bank incorporated under Public Law Capital Funds & Reserves: Lit. 167,427,515,562

Head Office in Naples

Representative Office of the General Management in Rome

Over 500 Branches in Italy

Branches abroad: Buenos Aires—New York

Representative Offices abroad: Brussels, Frankfurt-am-Main, London, New York, Paris, Tokyo (through A.I.C.I.—Holding S.A.), Zurich

Banking Associated Companies abroad: A.I.C.I.—Holding S.A., Luxembourg—Italian International Bank Limited, London—Italian International Bank (Channel Islands) Ltd., Guernsey—Luxembourg Italian Bank, Luxembourg—Euramerica International Bank Ltd., Nassau

Representative for Bulgaria: VITOCHA—Sofia

Permanent Exchange Office on board T/V "Marconi"

CORRESPONDENTS THROUGHOUT THE WORLD

GENERALI

Assicurazioni Generali S.p.A.

The Board of Directors of Assicurazioni Generali under the Chairmanship of Sen. Cesare Merzagora Chairman of the Company, met at the beginning of March to examine the provisional results of the 1976 Balance Sheet.

Premiums collected amounted to about 750 million Lire (equivalent to approximately 500 million pounds), showing an increase of about 25%. The general trend of the various classes of business, although still negative, showed an improvement in those classes which were more heavily affected last year (such as Motor Third Party Liability). Investment profits showed a marked increase, also due to currency fluctuations.

Some positive factors of a special nature make it possible to forecast a favourable final result for the year 1976 and a notable improvement for 1977 due to the vast reorganisation programme undertaken by the Company.

This reorganisation programme was begun in consideration of the Company's vast interests and responsibilities at an international level: the Generali—as is well known—is at the head of a world-wide Group of Companies, the third in Europe as far as premium income is concerned. The Group is made up of 27 insurance subsidiaries operating in about 30 markets. To these one should add another 2 companies in which the Group holds relevant majority or substantial minority shareholdings thus bringing to over 40 the total number of countries in which the Generali Group operates.

Banco di Sicilia

PUBLIC CREDIT INSTITUTION Capital Funds and Reserves Lit. 150,615,294,287

Head Office in Palermo—International Banking Division in Rome

284 Branches throughout Italy

The Representative Offices in ABU DHABI, BRUSSELS, COPENHAGEN, FRANKFURT/MAIN, LONDON, NEW YORK, PARIS, ZURICH are specially equipped to offer information and assistance

Correspondents throughout the World

3

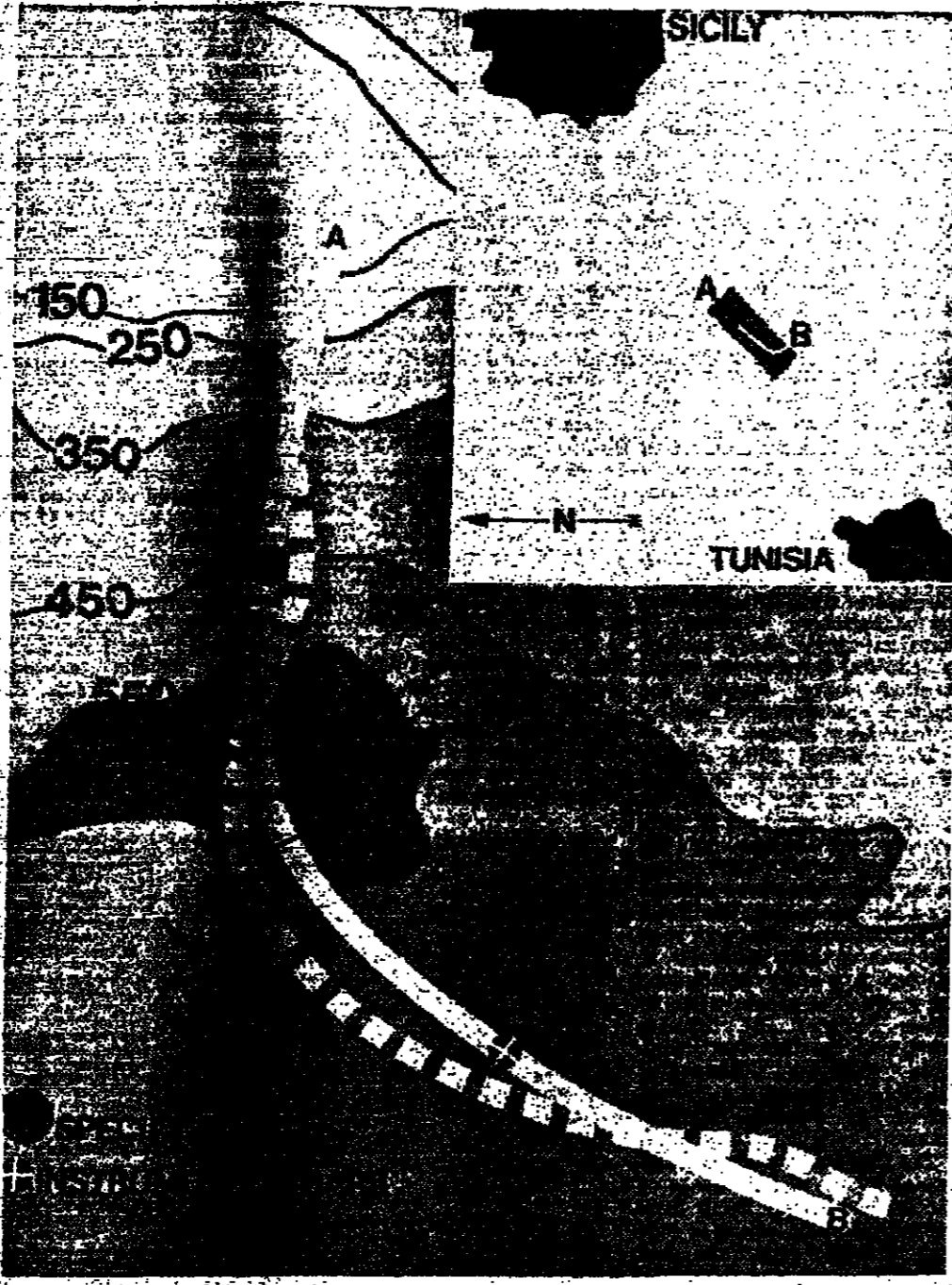
Associated Banking Companies abroad:

- A.I.C.I. Holding S.A., Luxembourg
- Italian International Bank Ltd., London
- Luxembourg Italian Bank, Luxembourg
- Euramerica International Bank Ltd., Nassau
- Centro Internazionale Handelsbank A.G., Vienna
- Bank of Valletta, Malta
- Banco Financiero Sudamericano, Montevideo

Spazio 1/50

ITALY VII

Filling the energy gap



Pipeline route (solid) and lay barge route (broken) taken by ENI in laying 100 miles of natural gas pipeline on the seabed in mid-Mediterranean last summer. The demonstration included a 7,500-foot radius bend.

THOUGH commercial or is to be expanded... show potential, the... funds for widespread... It will also have... k: its ambitious... inversion plan... of the dome... rather than... done over... Industrial... detriment of the...

surpassed
The operation drew upon... trials going back to 1972... British Petroleum... Salpet to lay a 32-inch... in an unprecedented... feet of water. Then in 1974... another ENI subsidiary... transports oil and gas... Salpet to lay a 10.75-inch... line from Sicily to the Italian... island. The depth, 1,200 feet... will not be surpassed any... in the world, this company...

product and of total... shows why a country... electricity demand was normally... needs nuclear... soon followed by an accelerated... revival. This made all the... more urgent, he said, the need... for Italy to launch its new... nuclear projects. The Govern... ment has recognised... the most steeply... projecting growth... urgency by passing a special... law in 1975 to help cut through... industrialised nation. More... attempts to delay indefinitely... the granting of planning... approval for new nuclear sites... Nevertheless, the delays had... already occasioned a dangerous... drift in the nuclear programme... ENEL has attempted to make... up some of the shortfall by... focusing effort on its hydro... electric programme, mostly for... new pumped storage capacity... It has new capacity under... construction or planned to provide... an additional 5,000 MW by 1983.

Leader
Italy also claims to be the... world's leader in exploiting... geothermal energy, in that it... produces about half of the... world's total energy harnessed... from this source. But this... amounts to only about 2 per... cent of Italy's electricity... demand. Moreover, ENEL... reports that it is difficult to... discover commercially significant... new pockets of geothermal... energy at a rate that keeps pace... with the exhaustion of older... borax. Nothing puts... geothermal heat into perspective... better than the chilling fact that... the total world output of electri... city from this source around... 5bn. kWh a year is less than... the annual output expected from... Italy's new nuclear station at... Caorso.

Bankers unhappy
... commented the idea, possible in the present... with reservations as... pressed economic climate. Well... established companies like Fiat... many former admirers... of course get access to de... velopment capital, but even in... this case the recourse was to... Libya in a celebrated share... loan deal. Pirelli did manage... to pull off a recent attractively... pitched rights issue through the... market, but for a while the... underwriters looked to be at... real risk and Mediobanca, the... State medium-term credit... agency, came into the overall... package with an interesting in... terest subsidised partial loan to... Pirelli's small shareholders.

heavy water moderated, fog... cooled reactor, fuelled by... natural uranium. After four... years of discussion, construction... of a 40MW experimental... version of Cirene began tentatively... at Latina in 1975. Late last... year CNEN awarded Italy's... advanced nuclear systems group... Nucleare Italiana Restorri... Avanzati (NIRA) a \$104m. contract... to construct the "nuclear... island." The reactor is scheduled... to operate in 1982.

Neither of these new reactors... can hope to contribute signifi... cantly to Italy's immediate... energy problems, however. The... choice before the nation was put... starkly by Dr. Carlo Salvetti... of CNEN nuclear energy con... ference in Washington last... autumn. Either Italy must find... an alternative to oil or it would... have to retrench drastically in... economic development. The... problem for Italy, he said, was... made more acute by the fact... that energy consumption per... capita and electricity production... per capita were still at a... low level compared with the... U.S. Concluded Dr. Salvetti: "... For a country like Italy, where in 1974 the energy im... ports accounted for 6.8 per cent... of total GNP there is no other... choice but to resort to nuclear... energy if the country is to sur... vive."

David Fishlock
Science Editor
... limit trading to cash trans... actions "whenever it considers... this necessary in the interests... of the public." It has in effect... already ended the established... pattern of brokers dealing... within the account through a... demand for collateral. More... directly positive perhaps in... market terms, an over-the-... counter market is about to be... reintroduced.

مكتبة الامن للصل

stet group

for the telecommunications and electronics

Telecommunication activities

- SIP - Società Italiana per l'Esercizio Telefonico p.a.
- ITALCABLE - Servizi Cablografici, Radiotelegrafici e Radioelettrici S.p.A.
- TELESPAZIO - Società per Azioni per le Comunicazioni Spaziali
- RADIOSTAMPA - Società per Azioni

Manufacturing and research activities

- SOCIETA' ITALIANA TELECOMUNICAZIONI SIEMENS S.p.A.
- SIEMENS DATA S.p.A.
- ITALDATA S.p.A.
- SELENIA - Industrie Eletttroniche Associate S.p.A.
- VITROSELENIA S.p.A.
- ELETRONICA S. GIORGIO - ELSAG S.p.A.
- SIRTI - Società Italiana Reti Telefoniche Interurbane S.p.A.
- ST.S. S.p.A. - Consorzio per sistemi di telecomunicazioni via satellite
- SGS - ATEs Componenti Elettronici S.p.A.
- CSELT - Centro Studi e Laboratori Telecomunicazioni S.p.A.

Auxiliary and complementary activities

- SEAT - Società Elenchi Ufficiali degli Abbonati al Telefono p.a.
- ILTE - Industrie Libraria Tipografica Editrice S.p.A.
- CONSULTEL S.p.A.
- SCUOLA SUPERIORE «GUGLIELMO REISS ROMOLI» - S.p.A.



Società Finanziaria Telefonica per Azioni
Sede Legale: Torino
Direzione Generale: Roma
Capitale L. 250.000.000.000

Société Financière pour les Télécommunications et l'Électronique
S.A. Luxembourg

Telecommunication activities

SIP - Società Italiana per l'Esercizio Telefonico p.a.
Italian telephone company; has 9,958,237 subscribers and 14,946,483 telephones; operates the local telephone service and the greater part of the national trunk telephone service.
00186 Roma - Via Flaminia 183 - Telex 61467 SIP GEN

ITALCABLE - Servizi Cablografici, Radiotelegrafici e Radioelettrici S.p.A.
Long distance telegraph, telephone, telex, phototelegraph, leased channels, data transmission and data services via cable, satellite and HF radio links.
00187 Roma - Via Calabria 46-48 - Telex 62146 ITC DIRG

TELESPAZIO - Società per Azioni per le Comunicazioni Spaziali
TELESPAZIO is the exclusive concessionary in Italy for the installation and operation of satellite telecommunication systems and a member of INTELSAT, as the Italian signatory of the operating agreement.
00188 Roma - Corso d'Italia 42-43 - Telex 61654 TELEDIRO

RADIOSTAMPA S.p.A.
Domestic telex services and leasing of intercontinental telegraph channels for the press, distribution via telex of economic and financial newsletters to the banks, news broadcasting.
00187 Roma - Via della Mercede, 55 - Telex 61161 RDS

Manufacturing and research activities

SOCIETA' ITALIANA TELECOMUNICAZIONI SIEMENS s.p.a.
Telephone exchanges; telex exchanges; private automatic branch exchanges; telephone sets and decorator phones; data transmission systems and data terminals; FDM and PCM multiplex systems; microwave radio links and earth stations; line carrier transmission equipment; power line carrier systems; remote control systems; equipment for radio and TV studios; avionics equipment; audio and video intercom systems; power plants for telecommunications installations; test equipment; microwave tubes.
20149 Milano - P.le Zavattari 12 - Telex 38015 AUSOSIEM
The company operates abroad through its trade commissioner.

ITALTEL - Società Italiana Telecomunicazioni s.p.a.
20154 Milano - Via A. di Toccoville 13 - Telex 34668 AUSOSIEM

SELENIA - Industrie Eletttroniche Associate S.p.A.
Air traffic control radars and systems; surface-to-air and air-to-air missile systems; integrated air defence ground environment systems; early warning radars; search and tracking shipborne radars; fire control systems; marine collision avoidance systems; satellite telecommunication antennas and systems; electronic warfare; modular EDP systems; civil 00131 Roma - Via Tiburtina km. 12,400 - Telex 61106 SELENIAT

ELETRONICA SAN GIORGIO-ELSAG - S.p.A.
Electronics and control systems.
16154 Genova Sestri - Via Hermada 6 - Telex 27660 ELSAG

SIRTI - Società Italiana Reti Telefoniche Interurbane S.p.A.
Design, engineering, installation and maintenance of TLG systems.
20124 Milano - Via G.B. Pirelli 20 - Telex 31348 SIRTI MI

SGS-ATES Componenti Elettronici S.p.A.
Manufacture of capacitors transistors and integrated circuits.
20041 Agrate Brianza (Milano) - Via C. Olivetti 1 - Telex 36131 SGS-ATES

CSELT - Centro Studi e Laboratori Telecomunicazioni S.p.A.
Research activity in the electronics and telecommunications fields on behalf of the Companies within the STET Group.
10148 Torino - Via Guglielmo Reiss Romoli 274

ST.S. S.p.A. - Consorzio per sistemi di telecomunicazioni via satellite
Satellite Telecommunication Systems. Earth stations and relevant subsystems.
00187 Roma - Via Abrozzi 25 - Telex 68432 STS RM

VITROSELENIA S.p.A.
Systems engineering in the field of electronics and communications; design of infrastructures; installation; maintenance and overhaul; upgrading of existing systems; training of operating personnel; technical manuals.
00166 Roma - Via Tiburtina 1020 - Telex 62308 VITROSEL

Auxiliary and complementary activities

SEAT - Società Elenchi Ufficiali degli Abbonati al Telefono p.a.
The company edits all the Italian telephone directories.
10138 Torino - Via A. Saffi 18

ILTE - Industrie Libraria Tipografica Editrice S.p.A.
Its is a graphic industry. Its highly specialized standards obtained through advanced techniques can satisfy the most exacting requirements of the European Market.
10024 Montcalari (Torino) - Via Fortunato Postiglione, 14 - Telex 22220 ILTE

CONSULTEL S.p.A.
Consultel is a company for the provision of cooperation in telecommunications and electronics. Consultel provides consultancy and technical assistance services to Ministries, public Entities Bank and Financing Entities, private companies operating telecommunications in Italy and abroad.
00136 Roma - Via Aniene 31 - Telex 61006

SCUOLA SUPERIORE «GUGLIELMO REISS ROMOLI» - S.p.A.
Training center for telecommunications.
67100 - L'Aquila

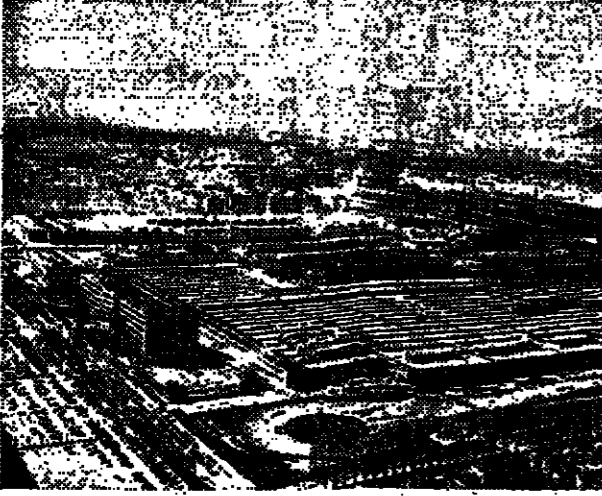
For further information please contact: STET, Via Aniene, 31 - Roma

D.J.C.

ITALY VIII

State giants in turmoil

In Wax Chandler's Hall Gresham Street you are in Piedmont, Italy.



Some important news for Great Britain businessmen: our Bank opened a representative office in London in December. The Turin Savings Bank is local, but in a positive sense, meaning that from now on you can get right into the economy of Piedmont, and the Aosta Valley, without having to call by Rome or Milan.

IT HAS BEEN a miserable year for Italy's State-controlled industries, which until a few years ago were regarded as a model system successfully combining the economic efficiency and entrepreneurial quality of private enterprise with the broader social, economic and political objectives of nationalised industry.

The IRI top management is currently split after a major row between the chairman, Sig. Giuseppe Petrilli, and a group of 13 top managers. Two of Montedison's chief managers—the financial director Sig. Giorgio Corsi and the chairman's planning adviser Sig. Gioacchino Albanesi—resigned last month in a major management shake-up.

As if this were not enough, the Government has now decided to dismantle the State mineral agency, Ente di Gestione Aziende Minerarie e Metallurgiche (EGAM), which last year reported losses of some L2,100bn. and accumulated debts of L9,150bn.

ing IRI's losses last year increased from L490bn. in 1975 to L870bn., while its accumulated debts at the end of 1976 amounted to L14,300bn., of which some L5,200bn. in short-term borrowing was carrying annual interest rates of the order of nearly 20 per cent.

It is necessary to look back in order to understand the reasons for these dismal performances. Since 1956, when the Christian Democrat Party started feeling that its political domination in Italy was threatened, it has attempted to consolidate its political position by increasing its political control over the State-controlled industries and the banking system.

The political gains of the Communist Party of the June elections last year have played an important role both in highlighting the abuses in the Italian system of public enterprises at the same time as causing a hardening up of the traditional Christian Democrat position towards these industries.

The Christian Democrats, concerned by the way the image of the State sector is being damaged by the unravelling of past and present distortions and intrigues in the system, are especially worried over the gradual erosion of their control as a result of the changing balance of power in Italy over what is perhaps their main power base.

There are other factors too. The world recession in sectors, like textiles, chemicals and steel has played its part in precipitating the crisis. But the

similar plant in Reggio Calabria. The plant itself is expected to cost L1,150bn. and it is widely held that it would have cost far less to build it on a more suitable site.

While most State sector enterprises are now in the process of introducing rationalisation and diversification programmes, they are faced with the additional problem of intensely complicated and rigid labour relations. Simultaneously, in order to reduce their debt burden and consolidate their financial positions, they are desperately seeking injections of fresh capital—which so far have not emerged either from the State Capital Endowment Fund nor from the private market.

Yet despite this vicious circle, worsened by Italy's continuing rising labour and money costs, it is important to recognise that these conglomerates contain enormous wealth of technical and managerial skills and enormous assets in the way of often technologically advanced and modern plants. A measure of this is the recent increase in overseas contracts obtained by groups like Finsider, Italmipiante, Snam Progetti and Saipem in the rapidly expanding markets of the Middle East. Their reputation in these markets, and in those of Eastern Europe and the rest of the developing world, is considered a principle committed to build a

It is also important to point out that many of these groups have reported notable financial recoveries last year. The pipeline-laying concern Sai and the engineering group Snam reported profits L2,200bn. and L2,600bn. respectively last year after depression. Montedison, in spite of current difficulties, managed to increase its turnover by 33 per cent compared to the 1975 levels of the year before, in effect this enormous technological foundation that enabled these groups to compete on the international markets.

The recent turmoil of the whole system of industrial economy based on large State-controlled conglomerates is a consequence both of the changing balance of political power in Italy and outcome of the recession forcing the country's dramatic industrialisation since the 1950s. The system has effected a turning point evolution. It is a test case of the country's political force will ultimately be their ability to decide on restructuring both financial and managerial, of a system ideally should combine advantages of private enterprise with the wider social, political and economic objectives of nationalised industry.

CASSA DI RISPARMIO DI TORINO

MILAN 31st MIPEL MERCATO ITALIANO DELLA PELLETTERIA (ITALIAN LEATHERGOODS EXHIBITION) 9/13 June 1977 On June 13 the event will close at 2 p.m. at the Pavilion 30 (Piazza 6 Febbraio) in the Milan Fair grounds

Rescue It was originally set up as a rescue operation to bail out bankrupt private companies. It was intended to group exclusively together a broad network of the country's mineral enterprises. It became, however, a "golden dustbin" and a vehicle for Christian Democrat political patronage.

The ENI group, for its part, with a turnover of nearly L10,000bn., controls more than 200 companies with activities in the energy, chemical, infrastructure and services, mechanical, textile and financial sectors. It is responsible for supplying Italy's current annual demand of some 140m. tons of crude oil and hence plays a crucial role in an economy which predominantly depends on imports for its energy requirements.

But groups like IRI and ENI ultimately depend on the nature of the country itself, which has now entered into a period of profound economic, political

MONTE DEI PASCHI DI SIENA BANK FOUNDED IN 1472 Reserve funds lit. 237,014,456,032 Representative Offices: LONDON P. and O. Building, Leadenhall Street, London EC3V 4PT

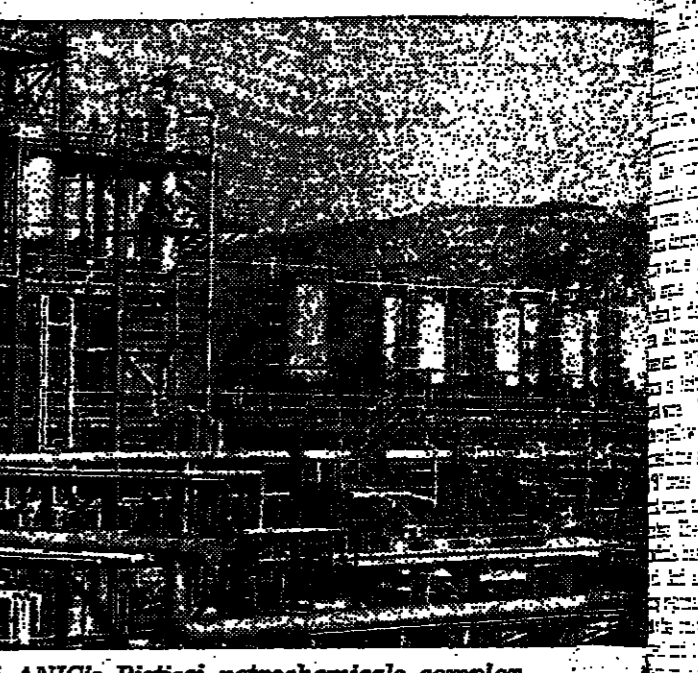
Small companies show up well

SIG. FIORAVANTI MALAVOLTA — despite the figurative and lyrical sound of his name — is not a character from the Commedia dell'Arte. In many ways, however, he could well be. He has, apart from his name, the same inventiveness, the same capacity for improvisation, and the same verve one traditionally associates with the Commedia.

He is, in effect, one of those 1,200 small industrialists of the medieval town of Modena, in the region of Emilia Romagna in the fertile plains between Florence and Milan, who last year jointly exported some L900bn. of local products. He seems, like so many of his fellow small businessmen, immune from the country's economic recession and political uncertainty. And in a year in which most of Italy's large conglomerates reported losses and accumulated debts of massive proportions, Sig. Malavolta reported a profit of about 10 per cent on his annual turnover of L7.5bn.

Sig. Malavolta is an emblematic case. He represents that 90 per cent of Italy's industrial base which is made up by small industries employing no more than 100 to 150 people. These industries effectively account for perhaps the most profitable and positive sector of the Italian economy — a sector which is reported to have prompted the West Germans last year, before renewing a gold-backed loan to Italy, to demand strong Government guarantees to stop the export of cut-price Italian stockings to the Federal Republic.

Repairing Sig. Malavolta does not produce stockings. He started at the age of 15 as a mechanic and at 19 he joined Fiat Trattori, the tractor manufacturing plant in Modena of the Turin-based Agnelli family group. After the war he decided to start his own car and tractor repairing business in the suburbs of Modena, which has always had a mechanical vocation and where the Ferrari and the Maserati were born. He had then only a 12-year-old boy (who is still an employee) to help him in his business, which started flourishing when he decided to convert



A section of ANIC's Pisticci petrochemicals complex.

CASSA DI RISPARMIO V.E. PER LE PROVINCE SIGILIANE Always at your service where you live and work

510 manufacturers from 23 countries await you from 21st to 25th May at the Milan trade fair for star 77 INTERNATIONAL FAIR FOR CARPETS AND HOME TEXTILES

macef EXHIBITIONS - MILAN International Gifts, Crystalware, Ceramics, Silverware, Houseware, Hardware and Tools Exhibition Trade only MILAN FAIRGROUND - ITALY AUTUMN MACEF - 9/12 September 1977 SPRING MACEF - 10/14 February 1978

EIMA INTERNATIONAL EXHIBITION OF AGRICULTURAL MACHINERY MANUFACTURE Bologna 9-13 November Information: EIMA Via Spallanzani, 22/A 00161 ROMA (Italy) Tel. 855.787-858.319

Bycio 12/50

Pollution debate rages on

هكذا من لاصل

ANOTHER ITALIAN HEAVYWEIGHT

Ercole Marelli working the big league.



High technology.

The Ercole Marelli group (it means Hercules in Italian) is out to rollerball its way into the world's electromechanical, electronic and nuclear markets. And tidy the environment.

Delivering plant and equipment for 230 million dollars this year.

Operative divisions and associated companies:

- bursting with energy and ideas, and ready to apply them in any context, in any part of the world.

Three specialist companies.

Aermarelli; the world-scale engineers and contractors in air-conditioning and refrigeration systems.

Item: stable cleaning. Designs and produces sophisticated anti-pollution and water-treatment plant to safeguard the environment.

constructing some of the most advanced power and industrial transformers including units in the UHV range.

Two operative divisions.

The Industrial Plant and Systems Division builds nuclear as well as non-nuclear plant for electricity generation, and will play an important part in Italy's nuclear expansion program.

It is into systems for the iron and steel industries, traction equipment, medium and large electric motors.

It's also involved in automation and instrumentation.

Meanwhile, the Standard Products Division keeps turning out those motors, pumps, fans and air-conditioning equipment which Ercole's experience has shown to be the best.

And worldwide.

The Ercole Marelli group is global, obviously. It manufactures in Argentina, Brazil, France, and Italy.

It has associated commercial operations in Belgium and the German Federal Republic, and counts agencies and representatives in some forty countries.

Two current labours of Ercole:

- four 400 MVA turboalternators and transformers for a power station in Iran
- a highly critical air-conditioning and ventilation system for Lausanne's new University Hospital.

That's got to mean technology, rollerballiness, punch.

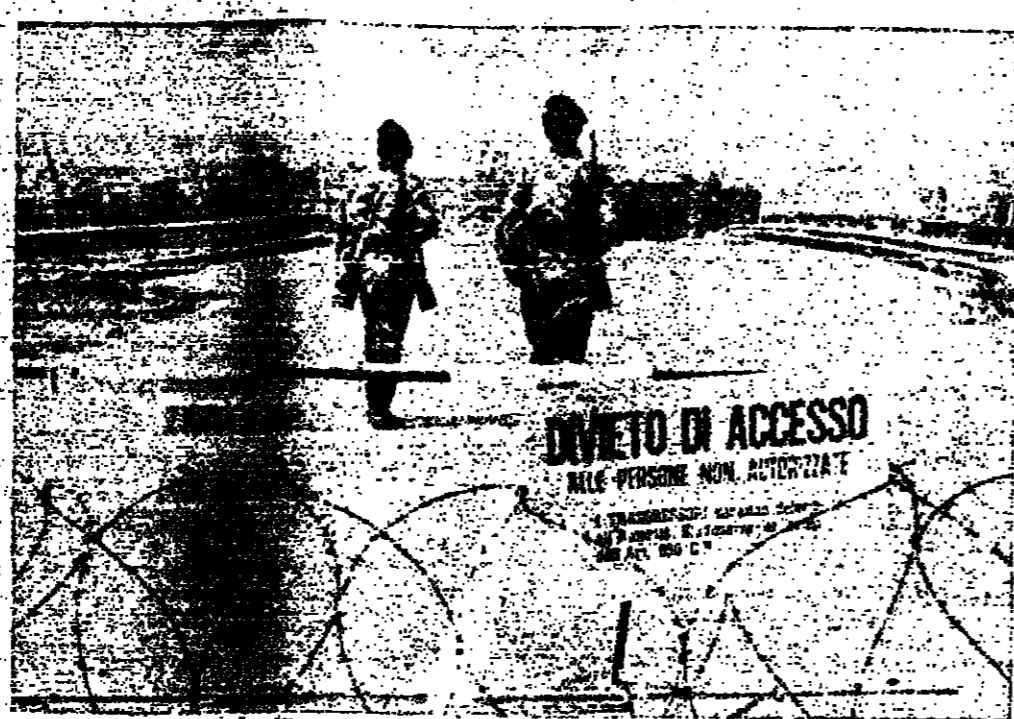
Write on company letter head for more information.

Join his fans.

Associated Companies:

Aermarelli spa	Ercole Marelli Argentina
Impianti Tecnologici Ercole Marelli spa	Ercole Marelli Benelux S.A.
I.E.L. Industrie Elettriche di Legnano spa	Ercole Marelli Deutschland
	Ercole Marelli France S.A.
	Ercole Marelli United Kingdom
	F.O.M.M.E. S.A. Brasile

Ercole Marelli
Via XIV Maggio, 10 - 20139 Milano



The boundaries of the contaminated area near Seveso.

LAST YEAR, on July 6, lead his distorted the quiet of the towns of Seveso and Meda, about 10 miles north of Milan just off the main road to the Lake of Como. From the chimney of the Chiusoni Icmesa plant, a subsidiary of the Swiss pharmaceutical conglomerate Hoffmann-La Roche, some 500 kg of poison shot up into the air and formed a thick white cloud, which slowly dissolved and what looked like big snowflakes started falling on the ground. Children were seen rushing out of the small back gardens of their houses, or in the streets trying to catch the unusual summer snow. For 10 days after this freak occurrence life went on as usual in this area. It was only above all for its community of small furniture makers.

Seveso and Meda have since become synonymous with a tragedy whose enormity has few parallels. There have been so many stories the escape of the poisonous dioxin gas, some 500 cases of children afflicted by chloracne, a severe skin disease believed to be caused by the poison. Thirty four women have been aborted because of fears that they might produce deformed children. And there are some 200,000 people who live in the neighbourhood whose lives have been radically transformed by the events of last July.

The contaminated area is now ruled off. The carcasses of some 60,000 animals killed after to leak have been collected in plastic bags and dumped in the area. Officials argue over the area to be taken to decontaminate and the area. All trees in the area have been cut. What vegetation remains is left to rot in a kind of white or yellow overalls in the houses in the so-called "B" zones and dig through the ground, which they also in plastic bags. The poison, according to officials, has seeped into the soil. And although the Lombardy regional office says that it has only been found between 10 and 15 centimetres below the ground, there are many who say that it has been washed by the rains into streams and worked its way down as far as Milan.

could contaminate the direct supply of Trieste itself. Already some 65,000 signatures have been collected in Trieste against the proposal, and the population have openly voiced their complete opposition. They claim that the proposed industrial zone will only result in a development similar to Porto Marghera.

Even before Seveso, there had been a growing environmentalist movement in Italy. The cholera epidemic of Naples managed to focus attention on the serious problems of sea pollution. The threat of Venice sinking turned the eyes of the country and those of international organisations like Unesco towards the question of Porto Marghera and of the dangerous tides from the Venice lagoon which periodically flood the historic centre. Conservation groups like Italia Nostra have been campaigning against the state of general decay of Italian monuments and historic buildings and the destruction of rural areas by irresponsible housing or industrial developments. The trades unions have been fighting for stricter safety standards and a greater commitment on the part of Government and employers.

Although there are now signs that something is happening, it is a long drawn-out process which is often deliberately resisted. At a time of growing economic difficulties and scarce credit facilities, industrialists, especially of small and medium enterprises, point out that the cost of installing a decontamination plant could seriously endanger the financial viability of their companies. They claim that "environmental and ecological phobia" has gripped local administrations and political parties, which have transformed the issue for individual voting purposes.

Seveso and all its unresolved questions, however, remain. In the recent debate over the siting of nuclear power stations in Italy and over the production of bio-proteins in Calabria and Sardinia, many people are echoing a similar refrain. It goes something like this: "We are tired of our country being used as a scientific experimental ground for the industrialised world as a whole."

ORROR

to go to Seveso and Meda is like watching on a rainy Sunday a bad "B" movie. A nice fiction horror story, only nine months after the type of the gas, soldiers are in guarding the contaminated zone. Inhabitants, evacuated from their houses, have been breaking into the "hidden area", either in protest against the apparent theft of the public forests or to retrieve objects of personal possession from their homes. There are scars of contaminated stables being sold on markets, of polluted water. Worse areas have become a political battleground for the pro- and anti-factory factions. And if the area has already been closed in for the rehabilitation of the area, the final figure is set at least to triple.

Dr. Theo. The of the Hanoi hospital, who cured cases of people believed to have been contaminated by dioxin, the risks of pollution can last for as long as 10 years. Dioxin, in effect, is the name for chemicals like tetrachlorodibenzo-p-dioxin (TCDD) produced at the Icmesa plant and whose use, among other things, is as a powerful defoliant. In Vietnam, during the long war, defoliants of this kind were scattered over huge areas by American aircraft.

In Italy the Icmesa disaster has so far aroused much emotion and much distress. But as yet—and this nine months after the event—the crucial questions remain unanswered, and little investigated. At the Milan office of the Lombardy region it was admitted that so one really knew what was manufactured inside the Icmesa plant. In Seveso, inhabitants said they had thought it was cosmetics—least that was what they had been told. Yet cosmetics, as someone pointed out, do not smell like that. And who he added, had his neighbour died two years ago with a large ulcer on his stomach like a balloon after scavenging around the site of the Icmesa plant.

There are in Italy certain norms covering safety, industrial pollution, and environmental control in industrial zones. Legislation requires declarations from companies on the technological content, working conditions and intended production before permits are issued to set up a plant. But the system is such that it leaves wide gaps open for abuses, which are not only the result of corruption but often of the huge bureaucracy and the ramifications of local bodies each with confused ideas about their respective responsibilities. It is, in short, perhaps easier than in most other industrial countries to get the permits necessary to set up plants in Italy. There is another factor too. While the workforce until the 1970s was cheaper than in other industrialised countries, companies had the added incentive to invest in Italy since the Government granted credit facilities at favourable terms for new investment in the depressed regions of the country, particularly in the south.

Already, however, the case of Seveso has in certain communities provoked resistance against industrial projects they fear

Treatment

At Porto Marghera, the industrial zone near Venice, where Montedison has built a L500bn complex employing nearly 12,000 people, the group has committed itself to a major ecological programme. This involves the treatment of liquid effluents, neutralisation, clarification of water and atmosphere, and the treatment of gaseous effluents.

At Trieste, however, which is only a short distance north of Venice, there is now growing anxiety following the ratification of the Treaty of Osimo between Italy and Yugoslavia over the demarcation of the Italian-Yugoslav border, and proposed industrial "free zone" of Carso which straddles the frontier immediately behind the city. The Carso chalk tableland is an area of great natural beauty, permeated with limestone caverns, which, it is feared, risk major pollution with damage to the water

small companies

Continued from previous page

Itself largely represents the 30 or so southerners who emigrated to Modena in search of work.

The ceramic industry, based 15 miles outside Modena, Sassuolo, is an example of under this outer Communist framework the various and medium businesses evolved very much according to their own individual initiatives. With a minimum amount of zisk capital, small entrepreneurs could set up a plant after the war, has now become perhaps the biggest producing centre in the applying for medium-term credit. By the time they received the medium-term credit usually a year and a-half later, they would have already repaid their short-term debts and had sufficient profits to reinvest in a business which is in a highly individual and competitive that plants are sold every five years. The medium-term credit would then be used to cover the company's running costs. These companies also a bit like the BBC Sunday in serial "The Brothers," in and out of Italy practically he has guaranteed the next generation of Ragnoli management.

by carefully choosing her high cost of money in Italy and in-law. She has always relations in Modena and always been overcome by the simple device of "under-deals with the Com-involving"—the industry has found it necessary to ensure the very nature of the sort of trouble-free labour is the ceramic industry, relations needed to allow pro-

duction to generate the annual turnover. This level of profit is in turn required for the sort of self-financing needed to improve plant technology and production in the face of rising overseas competition.

It is this entrepreneurial quality that is at the root of the industry's success. At the same time the success of one industry rubs off another, for it is a characteristic of the region to use as far as possible local production. The ceramic industry has thus engendered a thriving mechanical industry which provides the required technology and machinery to feed it. And all these different yet interrelated industries, and the Communist Party and the unions abide by the rules of the game. It is perhaps significant that in this climate of entrepreneurial zeal, the SCEI plant in Sassuolo controlled by the giant Milan-based chemicals group Montedison went into liquidation some years ago, while other industries continued to increase their profit margins.

There is, however, growing concern among small industrialists that the country's economic and political problems could shortly undermine the whole intricate and profitable network of small and medium industries in Italy. In the last two months there has been a notable hard-

In 1965 SARAS has designed and built the largest refinery of the Mediterranean in SARROCH (Cagliari), Sardinia, along the great oil route connecting the Middle East, Africa and Europe.

Built in record time (18 months), the SARAS Refinery is being continually updated according to the requirements of the energy market.

New prospects (the opening of the Suez Canal, adjustment of the economic structures to the latest trends of the international market, the need for finding new solutions to present problems) have conferred further evidence to the position of SARAS both considering its location and future programmes and initiatives.

SARAS is one of the major "service" refineries in the field. With its two distillations plants of 18,000,000 tons a year, nine processing plants, a tank farm of over 3,000,000 cubic metres SARAS represents one of the most important refineries of the whole Mediterranean area.

An efficient and continually updated system for prevention of air and sea pollution, places SARAS in an advanced position also from an ecological viewpoint.

Every day at the SARROCH marine terminal (an impressive steel platform and a 1600 metres long jetty, with 10 independent berths for tankers for anything up to 150,000 dwt) vessels from all parts of the world unload crude oil and collect finished and semi-finished products of the highest quality and the value of which has remarkably increased after being processed by SARAS. SARAS, a company in continuous progress.

SARAS - Società per Azioni Raffinerie Sarde
Company's Capital: Lit. 20,000,000,000 fully paid
Registered Office and Refinery: 09018 SARROCH (Cagliari) tel. 070/900001 - telex 79169 SARAS DUE
General Management: 20122 MILANO, Galleria De Cristoforo 8, tel. 02/7737 - telex 32273 SARAS MI
Representative Office: 00187 ROMA, via Ludovico 43, tel. 06/482701

Saras: on the oil route.

P.B.

TOSCANA

Have you ever thought of the reason why many Englishmen and a good many among them world-famous, sojourned in Tuscany? Why Byron, Shelley, Keats, Lawrence spent part of their life there? Come here and find out. The answer is in the extraordinary past

of this region, both ancient and new, in its "open sky museum"; its sweet-smiling hospitality, the renowned cuisine, the exquisite wines, its handicraft full of refinement, the sunny beaches, the cities rich in history, in art, in life.



The "good old times" all times when old are good

BYRON



But ours are really good!

For information please apply to: RESORSE TOSCANA / Dipartimento Turismo - Via S. Gallo, 103 - 50129 FIRENZE (Italy)

ITALY X

Labour holds the key

MOST TOURISTS crossing into Italy by road generally come equipped with petrol coupons and at least one word of Italian—scopero, or strike. It is not that Italy invariably tops the world list of countries with days lost through industrial disputes, it just seems that way, in part at least because the strike weapon is used frequently but usually for very brief periods, sometimes as little as 15 minutes at a time.

Nor is it necessarily the instinctive response of an undisciplined workforce to relatively minor knots in industrial relations. Increasingly nowadays, a strike is an occasion for easing frustration and for showing the politicians the real power of the country's three big trade union confederations, CGIL, CISL and UIL, a triumvirate which, despite its ideologically different component parts, reflecting somewhat loosely the Communist, Christian Democrat and Socialist parties, manages in these days to preserve an image of uniformity on behalf of a combined membership of some 8.3m workers.

CGIL-CISL-UIL is a potent force in Italian politics. It would be wrong to claim that it can make or break governments, but given the present delicate political situation, the confederations are likely to come out on top in any direct confrontation with the administration. That the issue is seldom put to the full test is, in a way, an acceptance of an accommodation on both sides, although the union leadership right now is going through a difficult period, principally because of growing concern at the membership base that the leaders are "selling out" to the bosses, whether to the collective employer organisation, Confindustria, now led by former Bank of Italy Governor, Dr. Guido Carli, or to the minority government of Sig. Giulio Andreotti.

Admission

It would be hard to get top trade union leaders admitting to it on the record, but in fact they appreciate only too well two key factors. This is that most Italians now in employment have, in terms of ever-rising living standards, done very well since the so-called "hot autumn" of 1969 when, in a sense, Italy's trade unions first sought for their members what they considered to be a fair slice of the then current, albeit fast fading, celebrated Italian economic miracle. They know, too, that Italy in its present economic recession, the worst experienced here since the end of World War Two, just cannot afford to continue living beyond its means.

But the problem, and it is a very real one in the Italy of today, is that the leadership of the trade unions risks getting out of line with the sentiments of most trade unionists. In private exchanges with Confindustria and with the present Andreotti administration, CGIL, CISL and UIL leaders have given testimony to their own relative moderation, but selling moderation to the rank-and-file in a period of continuing high inflation is a different matter altogether. The concept of a "social contract" on British lines is not one readily accepted here, even if, partly under pressure from the IMF with whom the Government is now finalising a further Italian drawing of \$530m, something of generally similar, if still inadequate, seems to be gradually emerging.

The trade unions' prize possession, as it were, remains in the so-called "scala mobile," or moving staircase, in effect a mechanism for compensating workers directly each quarter for increases in living costs. It is also an in-built inflationary factor in the Italian economy, not least because the components of the scala mobile include a range of items over the price of which no Italian Government has any control. Petroleum imports are an obvious case in point, and what the scala mobile has done, and in large measure continues to do, despite some recently-agreed modifications, is to cushion the Italians from the real world in which the OPEC oil producers have effected a significant shift in world resources. Italian workers, for the most part, have been isolated from this development with a consequent loss of international competitiveness for their exports which even a fast depreciation of the currency in the last 12 months has not always been able to make good.

The IMF, the European Community, OECD and the present Italian Government have all combined to emphasise the need for some downwards adjustment to Italian living standards, and privately top



Union parade marshals form a road block to prevent thousands of students from entering the Piazza San Giovanni during demonstrations last month against the Government's austerity measures.

trade union leaders accept the argument. But the big problem remains one of selling it to their members on the factory floor, or indeed in the agricultural sector (getting on for one in five of Italian trade union membership is in farming), in part owing to conflicting opinions—and ambitions—among trade union leaders, but also because union leaders, against a background of high inflation, are not willing to give any significant ground on the principle of total wage indexation.

But they, of late, show some degree of flexibility, even if at a price of causing growing dissent at the factory floor level where there is a real risk of the union leadership, and the Government for that matter, being ignored when it comes to sectoral and plant-by-plant bargaining within the broad guidelines of national wage agreements. Some concessions have emerged in talks between the unions and Confindustria, not least on labour mobility, a thorny problem here in Italy which, in extreme but by no means exceptional cases, means that an employer is not free to move personnel even in a situation within the same industrial plant in which temporarily surplus workers in one section are matched identically by shortages at another stage in the production process. There have also been some useful concessions on another almost perennial (although currently less potent, such is the understandable response to growing unemployment) problem area, namely absenteeism, or simply moonlighting under another name.

This is responsible progress, for which the trade union leaders deserve credit, but it should be seen against the background of an Italian labour market in which, for all practical purposes, no employee can be fired. There are, of course, exceptions to this, but there are few of them, and it is an important reason why most new foreign investment within Italy is nowadays limited to capital, as against labour-intensive industries.

Representation

Italy's trade union confederations are, in fact, not really representative of the country's potential workforce, but only of those actually in employment. True, there are increasing trade union demands for a direct influence over government investment policies, particularly in the depressed southern region of the country, for a degree of worker participation, but, with some honourable exceptions, these are demands served by union leaders when speaking to the unemployed in the south and not, for example, those in work in Milan or Turin. The principle, which has been heard in Britain too, of trade union leaders being prepared to trade-off smaller increases in wages against new investment and measures for cutting back on unemployment is one which inevitably has more conviction with the unemployed than with those who actually have a job.

The rigid commitment to the inflationary scala mobile, given the pace of Italy's current inflation, means on the basis of unchanged policies that the country's price index is estimated officially to increase this year by some 27 points, each point being roughly £2,400 (£160), monthly. The Andreotti government, under pressure from the IMF, has sought to reduce the real increase in Italian wage costs to 16 points by an interesting procedure of having the central treasury pay some of employers' heavy social welfare contributions and recovering the cost involved through higher VAT rates.

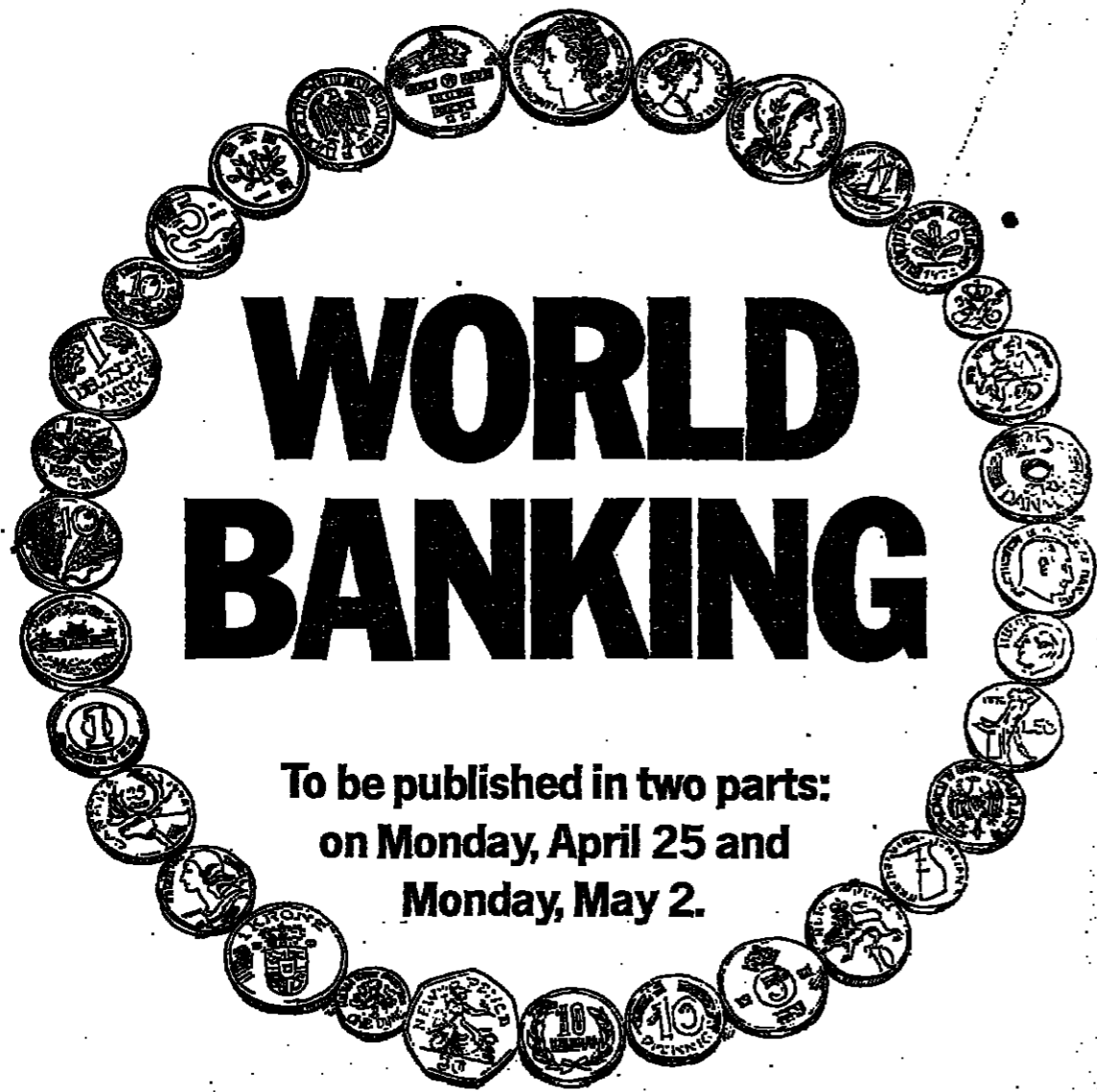
But in order to arrest the prices-wages spiral, it was considered necessary to "sterilise" from the scala mobile the price

effects of this increased indirect taxation. The unions, despite strong pressure from the IMF, said bluntly "no." To them a vital principle was at stake, yet in protracted negotiations they conceded finally something which in money terms represented an even greater loss in workers' real wages. They accepted changes in the weightings of a number of components in the cost-of-living "basket," including electricity and urban transport tariffs and the cost of newspapers. It is at least a start to attacking one (but only one) of the root causes of Italy's inflation.

But accepting these alterations has not been without difficulty for the trade union leadership. The rank-and-file membership is both disturbed and somewhat confused ("Why should the workers be making all the sacrifices to bail out a conservative Christian Democrat government at the dictates of the IMF?"), and few top trade unionists relish the prospect of trying to sell directly on the shop floor the package nego-

It is not a peculiarly Italian problem, and the frequency of scoperi should not be taken as an indication that Italy trade unions are irresponsible. The problem is that their flexibility has been on low levels. They still show few signs of being prepared to operate in a realistic role in the essential restructuring of Italian industrial base, when existing jobs must be put at risk, or for that matter in allowing those young Italians who have never held a job, let alone a vast number of school leavers, to price themselves in the labour force.

A FINANCIAL TIMES SURVEY



WORLD BANKING

To be published in two parts: on Monday, April 25 and Monday, May 2.

The Financial Times' annual World Banking Survey is one of our major and most important surveys, and has been published every year since 1959.

In that time, it has earned itself an international reputation as a valuable summary of all that has happened on the banking, financial and economic fronts during the past twelve months.

The subjects covered are both wide in their scope and authoritative in their content—hence the need to publish this survey in two parts.

The survey will, as always, be of immense interest to bankers, industrialists, economists and government departments in more than 120 countries around the world.

The proposed publication

dates of the survey are Monday, April 25 and Monday, May 2. For further information about this survey, the proposed editorial matter, copy date and advertising rates contact:

Helen Lees, Deputy Overseas Advertisement Manager, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 8000. Ext. 238. Telex: 885033.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

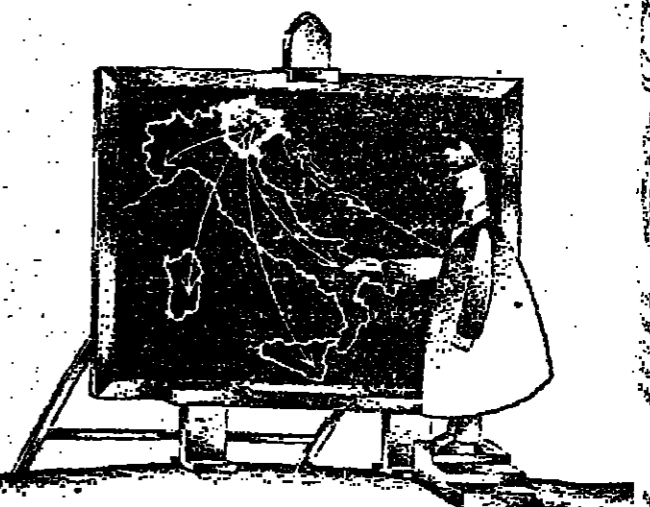
Cassa di Risparmio di Genova e Imperia

Bank established in 1846 in Genova, Italy

The Balance Sheet as of December 31, 1976 closed with a net profit of Lit. 2,268,000,000
Reserves Lit. 44,086,000,000
Deposits Lit. 1,461,932,000,000

Representative Offices:

Frankfurt/M.: Rossmarkt, 21—D-6 Frankfurt am Main
Phone: 287251-23. Telex: 412613 FIGEV.
London: Wax Chandlers' Hall, Gresham Street, London EC2V 7AD, U.K.
Phone: 606 5225-6-7. Telex: 886529 FIGEV LON
New York: 375 Park Avenue, New York, N.Y. 10022.
Phone: 754-1920/30. Telex: 666491 FIGEV NY



From here, we serve you Italy-wide

An area that counts in Italy, the North-East, is blanketed by our branch offices. Our organisation operates in all corners of Italy, which also count.

Banca Cattolica del Veneto

Stu
shc
Our
British fina
back 2
how we comm...
are doing business in Eu
Common Market, more
international
will find there's nothing
Except perhaps our
Banca Nazion
Head Office...

Copy 15/50

Student movement shows its strength

THE STUDENT revolt and the Order or New Order. There has been a simultaneous growth in the evidence of an intricate criminal network linking together Italy's Mafia, Calabrian Mafia and neo-fascist extremist movements. Currently, there has been a bitter row within the neo-fascist MSI Party which has now split into two factions. This occurred at the end of last year when a group of MSI Deputies decided to break away from the main party to form a new and less reactionary Parliamentary group called the Democratic Movement.

In the face of these dramatic events, vividly and soundly exploited by the Italian gutter press, the crisis inside Italy's universities—and indeed within the country's education system as a whole—runs the risk of dropping into the background. This crisis can in effect be summed up in a few statistics. There are about 750,000 university students in Italy, three times as many as in the early 60s and some 200,000 more than can be accommodated in the country's 44 universities. Most of these students have little or no chance of getting jobs.

At a youth employment conference held in Rome earlier this year delegates pointed out that out of every 100 unemployed 64 are between the ages of 15 and 24. Another set of statistics reveals that between 1.5m and 2m people under 29 are without jobs, of which about 80 per cent are looking for their first job. Of this 80 per cent, about half are graduates or hold a senior education certificate.

The country's universities have been turned, in the words of one slogan painted on the walls of Rome University, into "unemployment factories" and have thus become the base for Left-wing extra-Parliamentary factions which find expression in such movements as "Azione" and "Lotta Continua".

This exasperation is the outcome of a combination of factors of which the lack of job prospects is perhaps the most serious. Students claim that there is a large measure of reluctance on the part of industry to employ anybody under the age of 25 and 30, while industry says that most students are educated in fields which are completely divorced from the country's productive market base.

Although the Italian labour market currently absorbs about 10 per cent of the annual student population, industry points out that a student effectively costs about 30 per cent more to employ than a not so qualified adult.

The problem, however, is exacerbated by certain factors peculiar to the Italian labour market. These include one phenomenon known as "double work" and another called "black work". There are, according to the Italian Labour Minister, Sig. Tina Anselmi, some 2.5m Italians engaged in "double work" who hold, for instance, a public sector white collar job at the same time as running a business of their own.

exacerbated by certain factors peculiar to the Italian labour market. These include one phenomenon known as "double work" and another called "black work". There are, according to the Italian Labour Minister, Sig. Tina Anselmi, some 2.5m Italians engaged in "double work" who hold, for instance, a public sector white collar job at the same time as running a business of their own.

Benefits

In other cases, there are workers on State-subsidised salaries who draw benefits as well as working elsewhere. This is encouraged by certain employers, who in this way can avoid paying the heavy social welfare contributions of individual employees. The employee, for his part, can consequently receive a higher pay than he would otherwise obtain since social welfare contributions now average about 40 per cent of the effective salary. As to State subsidised salaries, these amount to 80 per cent of a worker's former salary for a period of a year, subsequently reduced, if the worker is still unemployed, to 66 per cent.

"Black work" is a variation of "double work" in that it is a hidden source of income for tens of thousands of Italians. It is practised in particular in the country's broad web of cottage industries, which by avoiding Italy's high social security costs and minimum wages, have managed to remain competitive. According to the Labour Minister, if such activities were stopped they would release about 1m. or more jobs on the labour market.

The Italian Education Minister, Sig. Franco Maria Malfatti, has proposed a series of university reforms to limit the number of entrants in specific disciplines in order to offset the heavy concentration of jobless graduates in certain sectors. According to some estimates there will be next year about 507,000 schoolteachers and 141,000 general practitioners, while one out of every five recently produced architects are jobless. Sig. Malfatti's proposal, however, has sparked off violent opposition from the students, who claim that the measure would limit the right of all students to study.

The Government has now elaborated a three-year "student plan" for which it has allocated L1,060bn., of which L750bn. is for the private sector to create new job opportunities. The plan envisages the creation of between 350,000 and 400,000 new jobs through openings in private industry, apprenticeship contracts with secure job prospects after the initial training period, jobs in social services and public administration. The Government also intends to

allocate 25 per cent of future public administration jobs to young people. The jobs will be decided by exams, which in the past have been heavily criticised as a system favouring students belonging to what is claimed to be a privileged Christian Democrat clique.

The question of exams was effectively the factor which first provoked the student unrest. Among the reforms proposed by Sig. Malfatti, there was one which sought to reverse some of the measures adopted by the government after the student riots of the late 'sixties. This was a proposal to stop the practice enabling students to sit a series of exams in the same discipline in order to graduate. Sig. Malfatti wanted instead to enforce a rigorous system whereby students would have to pass exams in strictly different subjects.

However, the main target of the great mass of Left-wing students has now become the union movement and the powerful Italian Communist Party. Although the unions have urged that the problem of the universities and of youth employment in general should be considered within the framework of the country's industrial reconstruction and reconversion programme—which should include, among other things, provisions for labour-intensive investments in the depressed South—the students point out that the union movement has so far always adopted a policy backing the employed and not the unemployed.

They point especially to the problems of large numbers of young people who have never had a first job and who have no way of receiving any kind of unemployment benefit. To qualify for such benefits in Italy it is necessary to have worked for at least two years and to have had social welfare contributions paid by an employer for at least 12 months. The students claim that the unions in their current proposals have so far made no move towards solving this serious discrepancy in the system.

At a rally in February at Rome University, students shouted down the Communist trade union leader, Sig. Luciano Lama, and said they were tired of being used in the union fight to give power to the workers when the workers' movement, which effectively now has power, did nothing in return. Trade

union suggestions that unemployed students should turn to manual labour, in the Marxist sense, have provoked more resentment—although at the same time the students are aware of the low level of academic standards in Italy which, in the words of one student, "makes an Italian degree a worthless piece of paper."

The rupture between the students and the country's official Left-wing forces is even more apparent in their relations with the Communist Party. They feel that the Communists have "betrayed" them now that they have become a part of government by indirectly supporting the minority Christian Democrat Government of Sig. Giulio Andreotti through a policy of abstention in Parliament in the words of one slogan "The universities are now a battleground for Communists of all types and denominations."

Creed

It is against this background that the autonomous Italian Student Movement—estranged from the country's official Left-wing forces—has evolved. It has drawn within its ranks other elements of Italian society who are either rootless, drifters or jobless. It has devised its own political creed and it has resorted to its own individual protests which range from raiding shops to refusing to pay restaurant bills or paying self-imposed reduced rates for cinema or theatre tickets. It has also, and more disturbingly, been dragged in the rising tide of ordinary criminality. And in some cases, it has become a humorous expression—through the so-called "Metropolitan Indians" or rebel students who cover their faces with war paint—for one of the country's most acute social problems.

In recent weeks the student movement has become more coordinated and has violently surfaced in most Italian cities. It took, however, the eruption of an unprecedented wave of political violence to shake the apathy of the traditional political and trade union forces towards the chronic problems of youth unemployment and education generally. Ironically, the only reform to have been taken so far is to make Latin no longer obligatory in the secondary school syllabus.

P.B.

مكتبة من الصحف

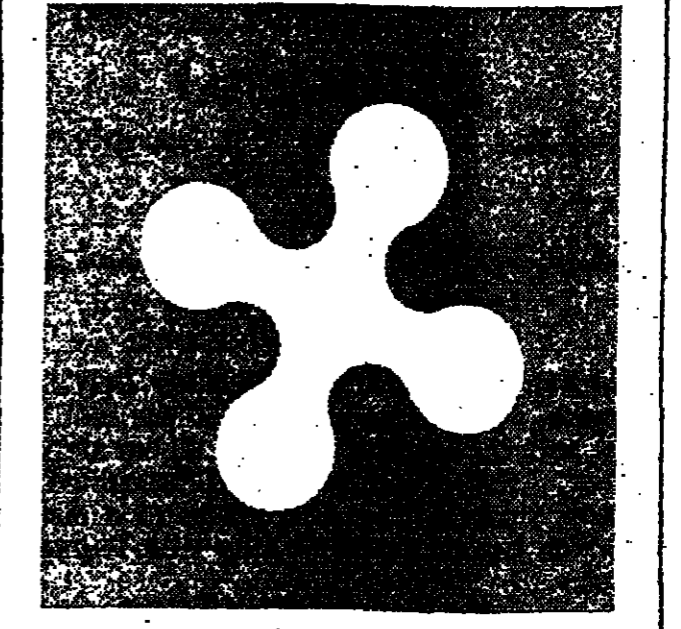
LOMBARDY ITALY'S LEADING REGION



GET TO KNOW BETTER THE MOST ADVANCED OF THE TWENTY ITALIAN REGIONS

HERE A FEW SIGNIFICANT FIGURES

15.78% of RESIDENT POPULATION	LOMBARDY	ITALY
8,543,378 inhabitants	54,136,547 inhabitants	
17.79% of WORKING POPULATION	LOMBARDY	ITALY
3,349,641 persons	18,831,127 persons	
28.20% of GROSS INCOME	LOMBARDY	ITALY
Lit. 13,183,000m.	Lit. 46,741,000m.	
+61.39% of PER CAPITA INCOME	LOMBARDY	ITALY
Lit. 1,382,826	Lit. 856,809	
28.73% of DAILY NEWSPAPERS	LOMBARDY	ITALY
23 dailies	80 dailies	



Regione Lombardia

Vatican's influence

THE MANAGEMENT style, if you like, of Italy's powerful Communist Party is based on the concept of "democratic centralism". This, rather loosely described, means that everyone in the party can have a say in the debate over policy, but all dissent must cease when actual policy has been formulated. At that point the debate is ended, and there really are few observers of the Italian Communist scene who actually know what goes on thereafter in the higher echelons of the Botteghe Oscure, the Rome headquarters of the party. But some words do emerge from time to time, apart, of course, from speeches and writings by top leaders, and one such word concerns Sig. Giulio Andreotti, the present Christian Democrat Prime Minister. The word is, and indeed has been for some considerable time, that Andreotti is a man "with whom we might be able to do business."

Coalition

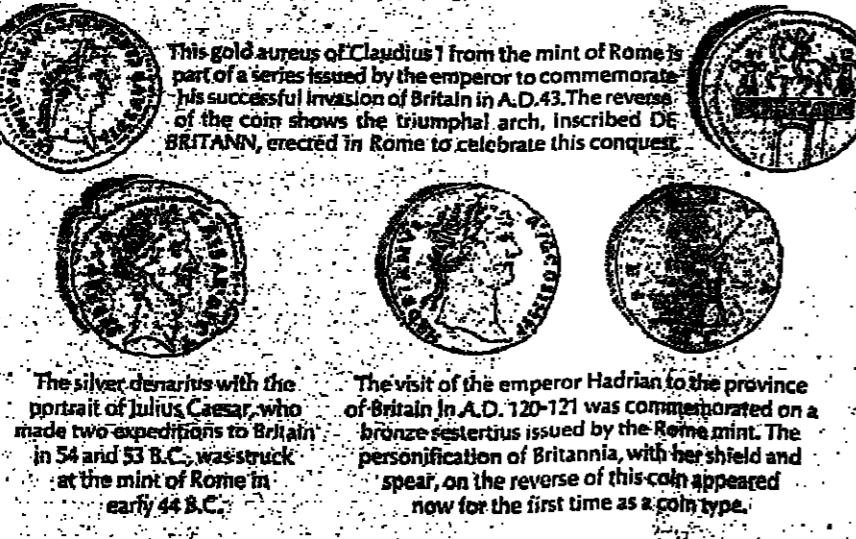
This is a kind of shorthand to say that the Communists' long-cherished compromesso storico, or grand coalition in government of all Italy's democratic parties, could just possibly be secured by agreement in an administration under Andreotti's leadership. But Andreotti also has a reputation in other exalted places, not least in the Vatican across the Tiber. As a close protégé of the late Alcide De Gasperi, who headed eight post-war governments, the young Andreotti almost daily reported on the affairs of state to a somewhat older Vatican diplomat by the name of Giovanni Battista Montini, later to become the Under-Secretary of the Vatican in state and now Pope Paul VI. In favour of more liberal laws, the highly selective cloisters of the Vatican, Andreotti is referred to as a "member of the family," and that in Vatican terms has a special and exclusive meaning. It is no mean feat for the party is clearly trying to

achievement for Sig. Andreotti. In a sense, this experience, and politically agile Christian Democrat spans two of the most important elements in contemporary Italian society, even if it is conventional nowadays to suggest, at least within Italy itself, that "the Vatican counts for less and less." In one way perhaps, but it would be wrong to under-estimate the continuing influence in Italian secular affairs of the Roman Catholic Church, and certainly the Communist Party as such does not make that mistake.

Sig. Enrico Berlinguer, the Communist Party leader may not be a practising Catholic, although incidentally his wife is, but he certainly does not under-estimate the influence of the Vatican, and his party goes to considerable pains not to clash with the church. Italy is still a nation of Roman Catholics, albeit with more than one-third of the electorate voting for the Communist Party, and Sig. Berlinguer for one has no interest in pointing up any ambiguities. Ugo Cardinal Poletti, the papal Vicar of Rome, did, however, at the time of the last General Election, emphasise the "incompatibility between Christianity and Marxism," but the Communist leadership offered nothing in reply. When during the Divorce Referendum the Christian Democrats were at pains to introduce the Vatican into the argument, the church itself did call for public recognition of the "sanctity of marriage." The Communists were anxious to fight the issue strictly on social grounds. Again, in the recent debate on abortion, while in favour of more liberal laws, the highly selective cloisters of the Vatican, Andreotti is referred to as a "member of the family," and that in Vatican terms has a special and exclusive meaning. It is no mean feat for the party is clearly trying to

CONTINUED ON NEXT PAGE

Our links with British financial circles go back 2,000 years



The gold aureus of Claudius from the mint of Rome... The silver denarius with the portrait of Julius Caesar... The visit of the emperor Hadrian to the province of Britain in A.D. 120-121 was commemorated on a bronze aëstertius issued by the Roman mint.

This is how we commemorate our ancient links with Britain's financial circles. Our modern links are just as important—especially if you are doing business in Europe. We are your bridge to the Common Market, indeed the world, thanks to our international network of offices.

You'll find there's nothing ancient about us these days. Except perhaps our knowledge of money. Banca Nazionale del Lavoro. 33-35 Cornhill, London EC3V 3QD. Telephone 01-623 4222. Head Office: Via Vittorio Veneto, 119, Rome.

April 13 1977
S
ed recently with
ument and
preciding the
economic difficu
is one thing
ly that an econ
ation towards
an actual if temp
s of their own
eds is another
tely.
It is not a pecu
nition to resurc
oblem, and the
operi should n
so indication
ow moving more
de problem is
stability has be
as they still
s of being pres
erate in a real
sential restructuring
When the first
dustrial base
ding jobs was
sk, or for that
ose young bus
we never held
a vast number
overs, to price
is labour force.
a parmio
enova
veria
used in 1246 in
December 31, 1976
Lit. 2,266,000
Lit. 44,056,000
Lit. 1,491,902,000
0-3 Frankfurt am
Tel. 0 69 13 1313
Bank of America
100 Wall Street
New York, N.Y. 10038
Tel. 212 605 2100

ITALY XII

Tourism as a way of life

LOANS
AT A LOW RATE OF INTEREST FOR INDUSTRIAL AND TOURIST

INVESTMENTS IN SARDINIA

CIS
credito industriale sardo
CAGLIARI (Italy)
68, CORSO VITTORIO EMANUELE - TEL. (070) 656371

SPRINGTIME IN Rome. The air-conditioned tourist buses are beginning to cause chaos in the narrow streets. The first strawberries are out on the market stalls alongside bunches of asparagus and huge artichokes.

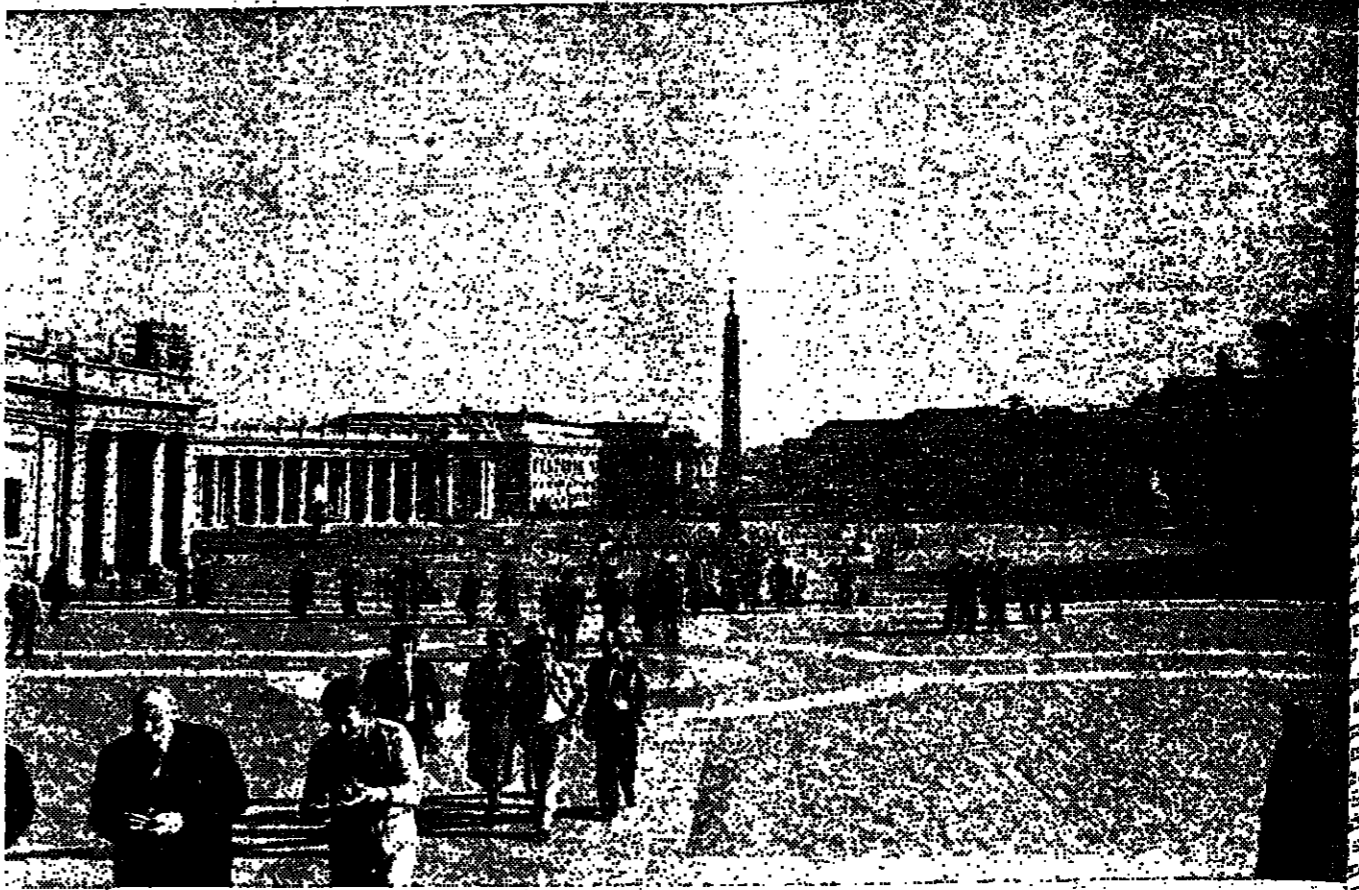
Gucci is crawling with Japanese and nuns are heading up and down the broad steps of St. Peter's.

Again, despite the economic crisis and the alarming reports of a rising crime rate due in part to the continuing political climate of uncertainty, the tourists are pouring into Rome and the rest of the country. Those arriving on package tours face the usual problems of no hotel bookings, no hot water and no continental breakfast. Those, instead, who descend on the grand hotels mostly owned by the financially troubled state holding company, IRI, grumble over the price of their cocktails. And those music lovers, who particularly come to Italy to attend a performance at the La Scala Opera House in Milan or La Fenice in Venice, now face the added hazard of finding no tickets, however much they are willing to pay because it's "trade union night" at the opera.

There are other complications in store for tourists. Apart from the general chaos at the airport, tourist resorts are likely to be hit directly or indirectly by strikes. Taxi drivers in the Naples area will charge higher fees than shown on the meter because, they explain, "there is rising inflation."

In another seaside resort, a busload of tourists were seen suffering from food poisoning while walking on the promenade after eating the local seafood.

In spite of all this, or perhaps as a result of all this, tourism makes a major contribution to the country's balance of payments. More than 36m. tourists visited Italy last year, an increase of 6 per cent, on the previous year which was, incidentally, "Holy Year"—the Vatican spiritual and commercial happening which takes place every 25 years and draws millions of Roman Catholics from all over the world to the Holy City. The tourist industry itself earned L2,800bn. last year compared to L1,680bn. in 1975. It generated L2,101bn. in foreign exchange—an increase of 24.8 per cent, on the year before—and which, after the L588bn. Italians spent abroad last year, left a profit of L1,513bn. or an increase of 51 per cent, on the 1975 surplus. This was largely the result of a reduction of some 14 per cent on the amount Italians, in the face of economic recession, spent abroad in 1975.



St. Peter's Square, Rome.

ITALIMPIANTI
società italiana impianti p.a.
GENOVA-ITALY

DESIGN AND CONSTRUCTION OF COMPLETE INDUSTRIAL PLANTS

- feasibility studies
- basic and detailed engineering
- turn-key jobs
- 1400 highly specialized technicians

ITALIMPIANTI acts mainly in the:

- IRON AND STEELMAKING,
- METALLURGICAL,
- MECHANICAL,
- CHEMICAL,
- ECOLOGICAL,
- ENERGY,
- CEMENT,
- CIVIL ENGINEERING WORK
- and SHIPBUILDING fields

Head Office and General Management:

9.Piazza Piacapetra, Genoa, Italy
Tel. 59981 tix 27238/27262 italimp

Branch Offices:

Buenos Aires • Düsseldorf • Kinshasa • Lima
Mexico City • São Paulo • Rio de Janeiro • Tehran

in insider group

BANCA POPOLARE DI BERGAMO

Head Office: Piazza Vittorio Veneto, 8
Telephone: 220455 Telex: 30410

BERGAMO

Capital and Reserves at 31st December 1976:
L.57.577.883.815

Deposits:
L.1.363.979.987,275—44,363 shareholders
2 Main Branches in Milan and
1 Main Branch in Brescia

We are a Bank operating mainly in Lombardy, Italy's most industrialised region, which alone produces 45 per cent of national export sales, with the capacity to extend all our activities to the northern area. With 96 offices scattered throughout Lombardy, we have been, since 1869, at the service of a discriminating clientèle, which has increased steadily with Italian industrial development.

Foreign Department:
Telex: 30275-30291
Foreign Exchange Department
Telex: 30128-30404
Partner of Gruppo NORDEST

Seasons

With nearly 4m. tourist beds, Italy has the largest tourism infrastructure in Europe. It has in effect two, tourist seasons. One mainly for skiing enthusiasts in winter, the other in summer based on the simple "sand, sea and sun" formula. Between seasons, of course, there are the tourists who do the grand tour and the sight-seers.

The winter season is a fairly recent phenomenon and effectively dates back to the ski boom in Italy of the 1960s when scores of small mountain villages were

Vatican

CONTINUED FROM PREVIOUS PAGE

avoid any impression of a "showdown with the Pope," as indeed is the Mayor himself, Sig. Giulio Carlo Argan. The Italian Communists, unlike Stalin perhaps, do know just how many regiments the Vatican does have.

They certainly are much less active these days, but the Vatican influence remains strong. It is not just the continuing moral authority of the Pope, although that too is there, nor is it an influence stemming from widespread commercial investments, since very many of these have now been transferred out of Italy to (principally) either the United States or Switzerland; in the former it is concentrated in an extent in telecommunications, insurance and banking. The influence therefore is in a sense, unquantifiable, but many Italian businessmen will tell you that offending the papacy is a good way of having a whole lot of doors closed to you.

There is, of course, a continuing strong Vatican influence within the Christian Democrat leadership, despite its origins as a secular party (the Pope's own father was a member of Parliament as a Christian Democrat), even if the church today occasionally raises a quiet voice calling on the party to reform and renew itself, to re-build its image from administrative inefficiency and political corruption. A whole lot of Vatican-leaning Christian Democrats are still in leading commercial positions and, basically, the fact that a great many Roman Catholics vote Communist is not the same as saying that they have made a clear choice between the two.

Italy's notorious anti-clericalism is less positive than is generally assumed, even if nuns do stand in buses while young men retain their seats. It is in many ways an understandable reaction to the old papal states, but you would never guess it in churches up and down the country on Easter Sunday. To be married in church, to have your child baptised in church are still common and desired practices throughout Italy, and the Pope's organisation in the country does surpass that of any political machine, what with some 300

bishops and more than 400,000 priests.

But, of course, it is much more than a mere numbers game. Some political parties, and principally the smaller ones, occasionally make play of the need for the separation of Church and State, and indeed so it should be, and the current study into revisions to the present church-state concordat will, to a very large extent, make it constitutionally so. However, that will not necessarily remove the Vatican's authority or reduce its influence in Italian life, and the church itself is anxious to revise the even more rigid concordat with Spain, and for the same reasons. Analysis can provide some answers, but the Vatican's influence in Italy is, in a sense, just there, known to be there and in a way felt without always being tangible.

Aware

The Communists certainly understand the position, and they are also very aware that the Vatican has (and indeed is continuing to) made its own arrangements with Communist Parties elsewhere, particularly in Eastern Europe on the broad basis of "political concessions for pastoral gains." The Church has recently effectively recognised the East German regime. Flexibility has always been an attribute of the Roman Church. The "enemy" is fought tooth and nail until he is actually inside the walls, and then is the time for compromise. For the moment, Italy's Communists have the task of convincing even more of the electorate that the Party is committed to democracy, to pluralism, to freedom, including that of religion. A deliberate confrontation with the Vatican would be a bad start, and both sides know it.

This is not to suggest that the Vatican accepts as inevitable the eventual arrival of the Communists to Government. It does not, in the sense that there is a collective view, such as that of the Italian Bishops' conference. Indeed, the principal reason why there is now gentle pressure on the Christian Democrats to reform is precisely because the Vatican wants to ensure that the elec-

torate does in the future have a clear choice between the Communists and a modern, secular political party which is free of corruption and of the other unsavoury skeletons which, perhaps even inevitably, any party so long in power collects. It is also part of Vatican strategy to even positively encourage a clearly seen separation of church and State, which of course is not the same thing as saying that the Roman Church would want to lose its influence in Italian political affairs.

On perhaps one of the most sensitive issues surrounding the church, namely its actual or alleged great wealth, the Vatican has lately shown signs if not as yet to anything like full disclosure. Many of its commercial investments within Italy itself have, as noted earlier, been sold off, while its property, still considerable in and around Rome, is not in the strict sense all belonging to the Vatican. There are some 1,000 religious orders of priests, nuns and brothers with representation in Rome, and in the vast majority of cases they have each their own head house. To lump all this as being part of a vast Vatican property portfolio is, in one sense at least, rather like associating with a political party the properties owned by its party members. It is an extreme parallel, of course, but property owned by various religious orders is very much their own, as indeed the Vatican has discovered in the past when on occasions it wanted to acquire a suitable building to house some of its senior employees. Suffice it to say that commercial considerations obtained.

This is not to conclude that the Vatican is without wealth, indeed far from it, but it is nowhere as extensive as most of the speculative estimates would suggest. A recently published estimate by Cardinal Egidio Vagnozzi, in his capacity as Head of the Prefecture for the Economic Affairs of the Holy See, suggests that the Vatican's productive assets in worth some £50m. Certainly, its influence is worth a great deal more.

Conflict

In the deep south of the country, tourism is developing more slowly. It is coming into conflict with the policy of industrialisation which threatens to spoil areas of great natural beauty. The infrastructures are still inadequate for the sort of mass tourist penetration peculiar to the north of the country. Yet this very lack of facilities has drawn an increasing number of visitors in search of an alternative to the conventional seaside resort, which, in Italy, has to a large measure lost some of its former appeal as a result of

disturbing reports about the pollution of the sea, and hazardous building development.

But what the tourist coming to Italy will now find—apart from the benefits of a devalued local currency and petrol coupons, the monuments, the museums, the decaying elegance of Venice or the bar at the Piccola Marina—are certain significant changes to the usual blurb contained in the brochures that reflect the profound transition the country is undergoing. The reference earlier to the trade union "night at the opera" is a growing phenomenon. It is a commendable development. It has brought back what had

become a spectacle for rich tourists or high members, an important tradition to the average. It has been followed up by screening on regular occasions of Scala Opera production television.

There are other changes which are given ample festation in the form of ads and posters that cover the—and indeed of some monuments—all over the country. Even the most callous can no longer ignore such changes.

BANCA TOSCANA

FLORENCE

175 Branches

Funds managed: over 2,000 milliard

Correspondents all over the world

We'll show you Italy the business way

- Alitalia's services: more flights to more Italian destinations.
- Alitalia's organisation: more offices in Italy to help you once you are there.
- Alitalia's Business Traveller's Guide to Italy: more inside information.
- Alitalia's Italtapak: more inclusive package arrangements in Italy's main business centres.
- Alitalia's Special Plan: more advantageous prices at Jolly Hotels throughout Italy.
- Alitalia's Jet-Drive: more self-drive arrangements in Italy.
- Alitalia's aim: more business in Italy for you.

To: Alitalia Distribution Dept., 251 Regent St., London W1K 8JL
Please send me the following Alitalia brochures:

- Timetable: UK-Italy
- Italtapak
- Business Traveller's Guide to Italy
- Alitalia/Jolly Hotel Special Plan
- Jet-Drive

Name: _____
Address: _____

Alitalia
We'll show the world.

D.J.C.

Joyco 1250

America debates renewed takeover wave

By STEWART FLEMING, New York Correspondent

SOME of the biggest mergers in U.S. corporate history have been completed during the past 18 months in spite of the increasing doubt among politicians and the public about the wisdom of further concentration in important sectors of U.S. industry. The reservations have been exemplified on the one hand by new federal legislation, requiring pre-notification and additional delays in the case of certain larger deals, and by more restrictive merger and securities laws in almost two dozen individual states on the other hand.

In spite of the manifest unease about mergers, stemming in part from the conglomerate fad of the late 1960s, a list of multi-million dollar mergers of the past 18 months is a long one—so long, that it is stirring up renewed concern in Washington about the effectiveness of anti-trust policy. In part at least this concern is based on a new assessment of merger activity, namely that it may be an alternative to capital investment and for that reason could prove as damaging to the economy as did the conglomerate merger boom before it.

The list of multi-million dollar mergers announced or completed during the past 18 months includes the biggest ever U.S. merger, the \$2.8bn. deal by which General Electric (U.S.), the world's leading manufacturer of electrical equipment, acquired Utah-International, a multi-national corporation with important interests in coal, copper, and uranium mining. The list also includes the purchase by Mobil Oil, for close to \$900m., of a retail and packaging group, Marcor; Atlantic Richfield Oil's purchase, for \$700m., of Anaconda, a leading copper and uranium producer; the

acquisition of Burmah Oil's U.S. oil interests by R. J. Reynolds, the tobacco concern, for \$500m., and the purchase of a coal company, Carbon Industries, by International Telephone and Telegraph for \$300m.

Against this background the recent announcement that United Technologies, which manufactures Pratt and Whitney jet engines and Otis elevators, was ready to pay \$500m. for Babcock and Wilcox, the manufacturer of nuclear power and steam generating equipment, can be seen to be part of a new wave of mergers.

Accurate statistics of merger activity beyond 1975 are not yet available from the Federal Trade Commission. Figures for 1975 show that in that recession year mergers slumped to 1,288 from 1,805 in 1974. This compared with over 4,500 mergers in the boom of the early 1960s. At the height of the merger boom of the 1960s, in 1975, at a time of a depressed economy and stock market, some 76 per cent. of deals involved less than \$1m. of assets each.

Investment bankers remark upon the comparatively high proportion of transactions that were completed for cash. Other analysts draw attention to the wide range of industries affected, including publishing and engineering, but particularly the natural resource sectors of industry including mining and energy.

Inevitably the new merger wave is prompting comparisons with the conglomerate merger boom in the latter half of the 1960s. During that period men like Mr. Harold Geneen, of International Telephone and Telegraph, and Mr. Jimmy Eling, of Ling-Temco-Vought, fashioned their conglomerates. (Interestingly the chief executive of United Technologies, Mr. Harry Gray, was a senior executive with Litton Industries, another conglomerate, through part of its phase of expansion.) But most observers argue that the differences between the mergers of the late 1960s and those of today are much more important than the superficial similarities.

One banker recently argued forcibly that it would be to misunderstand the times to compare the corporate empire building by exploiting shareholders in the late 1960s with the studied acquisitions of today. At that time, he suggests, companies were using shares which were highly rated or debt of dubious quality to make takeovers which produced spurious gains in earnings per share, rather than real improvements to profitability and efficiency.

The situation of the 1980s is contrasted with the greater number of "quality deals" completed for sound long-term commercial reasons to-day. It is pointed out that to-day, even when companies do issue common stock for an acquisition, they will have weighed their options carefully. In late 1969, the Dow Jones Industrial Average, standing at 800 was around 14 times earnings. Today, even with the index around the 900 mark, the index is at



Mr. Harold Geneen, who in the 1960s made IT & T a byword for successful though not uncontroversial mergers.



Mr. Harry Gray, Chief Executive of United Technologies, wants control of Babcock and Wilcox.

only little over nine times earnings. In these circumstances companies see raising finance or paying for acquisitions with the issue of shares as an expensive form of financing.

The argument that companies are being noticeably circumspect in their acquisition policy is strengthened when cash is the consideration. If the cash has to be borrowed either the company's bankers or the bond market will reinforce a company's own financial controls in judging the expenditure. At the current relatively low price/earnings ratio the assets of many companies are seriously under-

valued in comparison with their replacement cost. Under these circumstances the balance between expansion through new capital investment and expansion through acquisition is tilted heavily in favour of the latter. Expansion through new capital investment runs into all sorts of uncertainties. To start with there is the cost, in an inflationary period, of buying new plant. For many industries the delays and additional costs of meeting environmental requirements also must be taken into account. Corporations are more conscious, too, of the increased volatility and unpredictability of the economy, and less confident of long-term growth.

The inducements are therefore greater to expand by making acquisitions, which are seen to be relatively cheap, and which may avoid the danger of new plant coming on stream just as a recession hits, while at the same time providing a well-established market share and an established sound management, with good growth prospects if the investment is in the right sectors of the economy.

The argument that acquisitions are taking place as a substitute for new capital investment is not universally true since in the natural resources field, for example, there is evidence that the acquiring companies are anxious to pump new cash into the businesses they are investing in. But it is an argument which is causing concern in Washington and elsewhere, particularly among those who feel that new capital investment is badly needed to ensure stable growth.

The sharp increase of merger activity, especially among the corporate giants, is also reviving

long-standing but ill-defined anxieties about the social as well as the economic implications of the further concentration of U.S. industry. President Carter has already indicated that he regards a vigorous anti-trust policy and lessened government regulation of certain industries as a means to promote efficiency and to help to ease inflation.

Significantly, Babcock and Wilcox in its efforts to fight off United Technologies bid is already playing to this political gallery and tapping the vein of suspicion surrounding corporate aggrandisement. Mr. George Zipf, Babcock's chairman, says that reduced competition in the energy equipment field in "this period of energy resources peril" would be inimical to the public interest. In what can be interpreted as an indirect reference to United Technologies' diversification plans, Mr. Zipf has also said that the energy field is "no place for corporate buccannery."

Then, with a nod in the direction of Washington's fears about corporate empire building, he wondered whether the United bid "will not contribute another blow to democratic capitalism."

His remarks can be interpreted as the usual rhetoric of takeover battles, but there seems little doubt that he has chosen some of his targets shrewdly. Wall Street stock brokers are beginning to suggest that United Technologies will have a tougher fight gaining control of Otis Elevator than it did in its long fought battle for control of Otis Elevator. There are also stirrings on Capitol Hill which suggest that the whole issue of mergers and takeovers is once again beginning to exercise the minds of legislators.

Index-linked pensions

From Mr. D. Thomas.

Sir.—In the growing note of disquiet at the index-linking of pensions of public servants, it may be as well for us to reflect that the related state pensions will increase regularly during payment in line with increases in prices. Moreover the basic state pension will increase each year in line with the greater of the annual increment in the general level of earnings or the rise in prices.

In light of the real prospect of an explosion in both prices and incomes which may occur when the current pay restraint legislation ends this summer, it does seem possible that once again pension legislation could be thrown back into the "melting pot." Because state pensions are not entirely funded one could argue that future generations may be unwilling to provide the necessary resources to support the levels of payments that could follow a breach in the dam of pay restraint and add fuel to the odium attaching to those enlightened (?) politicians on both sides of the House who have formulated the economic plans on the basis of so-called income policy—the demise of which in its present form is in prospect as pay differentials have become eroded.

Obviously prices and incomes cannot be allowed to "rip" by more enlightened and imaginative proposals are now required if we are to head off serious economic difficulties.

D. E. Thomas.
15, Berkeley Street, W.1.

Driving hours

From Mr. B. Gill.

Sir.—In response to Mr. Quin's legislative corrections (April 6) to my observations (March 31) about the EEC hours law and its effect upon the operation of buses, I plead guilty. Mr. Quin is quite right in that the U.K. has just obtained its fourth deferment of the EEC hours law which it accepted when the Treaty of Accession was signed. The deferments were granted on the understanding that the U.K. would use the time thus made available to prepare for the eight hour driving day. The fact that Mr. Quin appears to have no intention of using the time in the manner expected is as near to flouting the will of the European Commission as no matter.

Mr. Quin is also correct when he says that the hours law regulation 543/69 only exempts regular services operating within a 50 km radius of base. It is of course the tachograph regulation 1463/70 from which all passenger service vehicles on regular services are exempted. It is also this regulation which is being flouted by the U.K. Government—this time in both the spirit and the deed.

Mr. Quin, however, appears to have missed the point. He omits to mention a vital fact in that a significant part of the population of public service vehicles is not "caught" by EEC drivers hours regulations. I repeat that the section would be "caught" by the regulations is in general is that part which is under greatest pressure to drive over long periods of time. The remainder of Mr. Quin's remarks seems to be a series of bantaned statements which that caused me to be critical of the first place of the anti-transport policy views put forward by sectional interests in U.K. I'll leave the "civilian" omnibattant readers to judge themselves.

Letters to the Editor

Mr. Quin, my concern is not whether you have got your priorities right, but whether the nation as a whole is aware that it has been misled by unsubstantiated claims concerning the costs of the laudable EEC transport objectives are being made to enable this country to rather shabbily continue to renege on its commitments under the Treaty of Rome.

B. Gill.
Orchard House, 79, Penn Road, Knotty Green, Beaconsfield, Bucks.

Preference votes

From The Director, Electoral Reform Society.

Sir.—It is to be hoped that France will not simply return to the pure party list proportional system used between 1945 and 1958 but will consider changing to the single transferable vote form of proportional representation.

The French parties devote an excessive amount of their time to negotiations aimed at forming alliances which they hope will secure a majority. Party list PR would reduce the need for this, since each party individually would be sure of its fair share of the seats, but it would not enable the voters of Party A to say whether they wished to ally with Party B or not. The single transferable vote would.

Do the British voters approve of the arrangement between the Labour and Liberal Parties? We can get an answer from public opinion polls, but not from an election. An election under STV would enable the voters either to approve and strengthen the pact or to destroy it. They could vote 1, 2, 3... for candidates of the one party and then go on to the other if they thought the two had much in common — or refuse to have anything to do with the second party candidates.

Within each party they could give preference to those candidates who were most in favour of the agreement or least in favour of it. And, by giving preference, for example, to Labour candidates like Shirley Williams or Labour candidates like Anthony Wedgwood Benn, the voters would determine which broad lines of policy would command a parliamentary majority.

Enid Lakeman.
6, Chancel Street, Southampton, S.E.1.

Currency bonds

From Mr. D. Liss.

Sir.—On September 2, 1976, you allowed me space to suggest the issue of a new kind of security known as Extended Term Treasury Bonds. Sterlings then stood at about \$1.77. Now, seven months later with sterling at about \$1.72 they are to be issued (April 5), but with only two of the four characteristics I thought they should have.

I had hoped that the success of such an issue might have enabled the authorities to do without borrowing internally at 15 per cent. But in this period—large issues of medium-dated stocks apart—they have borrowed more than £3bn. at an average of more than 15 per cent. for an average period of 20 years. The consequences are with us in the shape of lack of industrial expansion, continuing high unemployment, a failure of the rate of inflation to fall, record mortgage interest charges and a borrowing requirement which will be perhaps £100m. more annually for 20 years than it might have been. Canny forecast investors have achieved unprecedented yields in a currency

Index-linked pensions

From Mr. D. Thomas.

Sir.—In the growing note of disquiet at the index-linking of pensions of public servants, it may be as well for us to reflect that the related state pensions will increase regularly during payment in line with increases in prices. Moreover the basic state pension will increase each year in line with the greater of the annual increment in the general level of earnings or the rise in prices.

In light of the real prospect of an explosion in both prices and incomes which may occur when the current pay restraint legislation ends this summer, it does seem possible that once again pension legislation could be thrown back into the "melting pot." Because state pensions are not entirely funded one could argue that future generations may be unwilling to provide the necessary resources to support the levels of payments that could follow a breach in the dam of pay restraint and add fuel to the odium attaching to those enlightened (?) politicians on both sides of the House who have formulated the economic plans on the basis of so-called income policy—the demise of which in its present form is in prospect as pay differentials have become eroded.

Obviously prices and incomes cannot be allowed to "rip" by more enlightened and imaginative proposals are now required if we are to head off serious economic difficulties.

D. E. Thomas.
15, Berkeley Street, W.1.

Driving hours

From Mr. B. Gill.

Sir.—In response to Mr. Quin's legislative corrections (April 6) to my observations (March 31) about the EEC hours law and its effect upon the operation of buses, I plead guilty. Mr. Quin is quite right in that the U.K. has just obtained its fourth deferment of the EEC hours law which it accepted when the Treaty of Accession was signed. The deferments were granted on the understanding that the U.K. would use the time thus made available to prepare for the eight hour driving day. The fact that Mr. Quin appears to have no intention of using the time in the manner expected is as near to flouting the will of the European Commission as no matter.

Mr. Quin is also correct when he says that the hours law regulation 543/69 only exempts regular services operating within a 50 km radius of base. It is of course the tachograph regulation 1463/70 from which all passenger service vehicles on regular services are exempted. It is also this regulation which is being flouted by the U.K. Government—this time in both the spirit and the deed.

Mr. Quin, however, appears to have missed the point. He omits to mention a vital fact in that a significant part of the population of public service vehicles is not "caught" by EEC drivers hours regulations. I repeat that the section would be "caught" by the regulations is in general is that part which is under greatest pressure to drive over long periods of time. The remainder of Mr. Quin's remarks seems to be a series of bantaned statements which that caused me to be critical of the first place of the anti-transport policy views put forward by sectional interests in U.K. I'll leave the "civilian" omnibattant readers to judge themselves.

Letters to the Editor

From Mr. D. Thomas.

Sir.—In the growing note of disquiet at the index-linking of pensions of public servants, it may be as well for us to reflect that the related state pensions will increase regularly during payment in line with increases in prices. Moreover the basic state pension will increase each year in line with the greater of the annual increment in the general level of earnings or the rise in prices.

In light of the real prospect of an explosion in both prices and incomes which may occur when the current pay restraint legislation ends this summer, it does seem possible that once again pension legislation could be thrown back into the "melting pot." Because state pensions are not entirely funded one could argue that future generations may be unwilling to provide the necessary resources to support the levels of payments that could follow a breach in the dam of pay restraint and add fuel to the odium attaching to those enlightened (?) politicians on both sides of the House who have formulated the economic plans on the basis of so-called income policy—the demise of which in its present form is in prospect as pay differentials have become eroded.

Obviously prices and incomes cannot be allowed to "rip" by more enlightened and imaginative proposals are now required if we are to head off serious economic difficulties.

D. E. Thomas.
15, Berkeley Street, W.1.

Driving hours

From Mr. B. Gill.

Sir.—In response to Mr. Quin's legislative corrections (April 6) to my observations (March 31) about the EEC hours law and its effect upon the operation of buses, I plead guilty. Mr. Quin is quite right in that the U.K. has just obtained its fourth deferment of the EEC hours law which it accepted when the Treaty of Accession was signed. The deferments were granted on the understanding that the U.K. would use the time thus made available to prepare for the eight hour driving day. The fact that Mr. Quin appears to have no intention of using the time in the manner expected is as near to flouting the will of the European Commission as no matter.

Mr. Quin is also correct when he says that the hours law regulation 543/69 only exempts regular services operating within a 50 km radius of base. It is of course the tachograph regulation 1463/70 from which all passenger service vehicles on regular services are exempted. It is also this regulation which is being flouted by the U.K. Government—this time in both the spirit and the deed.

Mr. Quin, however, appears to have missed the point. He omits to mention a vital fact in that a significant part of the population of public service vehicles is not "caught" by EEC drivers hours regulations. I repeat that the section would be "caught" by the regulations is in general is that part which is under greatest pressure to drive over long periods of time. The remainder of Mr. Quin's remarks seems to be a series of bantaned statements which that caused me to be critical of the first place of the anti-transport policy views put forward by sectional interests in U.K. I'll leave the "civilian" omnibattant readers to judge themselves.

To-day's Events

Wilmot-Breeden (Holdings) (full year).
COMPANY MEETINGS
Anglo-American Securities Corporation, 3 Queen Victoria Street, E.C. 2.45. Stetley, Chartered Accountants' Hall, Moorgate Place, E.C. 4.
National Union of Teachers' conference, Eastbourne.
National Association of Schoolmasters conference, Torquay.
Two-day conference on legal, taxation and accounting problems of doing business in EEC, organised by Faculty of Laws, Queen Mary College (London University) opens, London Hill, W.1.
COMPANY RESULTS
Babcock and Wilcox (full year).
Blackwood Hodge (full year).
Dickinson Robinson Group (full year).
Glynwed (full year).

Treasury issues figures of Central Government financial transactions, including borrowing requirements, for March.
TUC Economic Committee meets, and afterwards holds talks on matters arising from the Budget and on next stage of pay policy with Mr. Denis Healey, Chancellor of the Exchequer, Mr. Eric Varley, Industry Secretary, Mr. Roy Hattersley, Prices Secretary, and Mr. Albert Booth, Employment Secretary.
Mr. David Owen, Foreign Secretary, expected to meet Mr. John Vorster, South African Prime Minister, and Mr. Ian Smith, Rhodesian Premier, in Cape Town.
Government consults with building societies' representatives prior to meeting of Building Societies Association Council on April 13.
Mrs. Margaret Thatcher, Opposition leader, ends visit to China and goes to Japan on second stage of Far Eastern tour.
Two-day joint Ministerial Council of EEC and African Caribbean and Pacific members of Lome convention opens in Fiji.
Lord Thomson, acting as Prime Minister's special envoy, continues Commonwealth tour to prepare for forthcoming Commonwealth Conference in London.
Financial Times two-day conference, Oil and the Norwegian Economy, ends, Oslo.
London Employment Forum,



NIGERIA GROWS

...in foreign trade

Import and export constitute a major part of Nigeria's commercial life. At all the ports, air, land and sea, goods are being exchanged. With virtually every country in the world. Raw materials, finished products, and machinery. This in turn is reflected in the rising standard of life of Nigeria.

New Nigeria Bank is a full participant in all this activity. Whether you are an importer or an exporter — or both — see us. Our team of experts will study your proposition, and give you all the advice and guidance you need, plus the necessary finance. We render complete banking service to people from all walks of life. People like you.

Head Office: Ring Road, P.M.B. 1193 Benin City, Tel. 0512, 430.
Branch Offices: Abuja, Agbor, Anchi, Benin City (33), Bororo, Jos, Lagos, Owerri, Umuahia, Warri, Uyo, Urua, Warri, Warri.

لانا من الالاط

هكذا من الملل

Jobs in textiles: another endangered species.

A statement from Burlington Industries.

We have become increasingly alarmed over the rising tide of textile and apparel products entering this country from abroad that threatens ultimately to drown a major segment of the U.S. textile and apparel industry and all those who derive their livelihood from it.

The U.S. government has so far apparently failed to grasp the scope of this problem and is even now preparing to negotiate new trade agreements that will assure continuation of the process of foreign takeover of a major U.S. market.

We cannot stand silently watching our own industry's decline. We are therefore compelled to speak out publicly to alert all those who are affected by this danger — employees, shareholders, suppliers, legislators, customers, and friends in the communities where we operate. We must all understand the problem, its genesis and its current and potential impact. For failure to solve it by making major changes in the Multi-Fiber trade agreement could very well cripple major segments of two of America's most important industries.

The textile/apparel import trade agreements under the Multi-Fiber Arrangement have been in effect between the U.S. and various foreign governments for a number of years. The goal of these agreements was to permit the level of import growth to be limited in the event of market disruption. But, in any event, growth from levels established several years ago was to be permitted on a compounding basis at the rate of 6 percent per year.

It was predicted that such a growth rate could be readily absorbed by the U.S. market without causing any adverse effect on U.S. manufacturers. The record shows that these agreements have failed to achieve the original objective. We are seeing massive market disruption in the U.S. textile and apparel industries because of mushrooming growth of imports which has caused extensive damage to member companies and their employees. The potential for the destruction of the entire apparel industry and related segments in textiles, should this pattern of increase continue, cannot be overestimated.

The textile industry is not alone in facing this problem. One need only look at the present sorry state of the U.S. radio/television receiver and shoe industries, whose viability has been effectively destroyed by imports, to see the bleak prospects for textiles and apparel — employers of 2.3 million people. Threatened, too, are jobs among suppliers of fibers, chemicals, paper products and machinery.

In the past 10 years, textile imports have grown at an average rate of 5.5 percent a year, or a total of 71 percent. In comparison the U.S. market grew only 2.5 percent per year and 28 percent overall. In 1976 alone, textile imports increased 34 percent over the previous year, while the total domestic market grew only 11 percent. As a result, foreign imports have now

captured a record 10.4 percent of the entire domestic market. Of even more concern is the fact that apparel fabric and garment imports have now captured 17 percent of the market.

Looking ahead, the entire U.S. market is projected to remain at or below a 3 percent growth rate for the next several years. On the other hand, we can conservatively estimate an import growth of 8 percent per year when one adds to the historical 10 year average new entrants and the built-in bonuses to countries with which the U.S. negotiates new bilateral agreements. Based on an 8 percent growth rate, by 1985 imports will have captured more than 20 percent of the entire textile market and in apparel related products would hold more than 40 percent.

Thus, we are deeply concerned over the long-term impact of this annual increase in textile imports, the level of which has no relationship to the actual growth of the U.S. market or its ability to absorb imports without driving out domestically manufactured products and causing massive industry unemployment.

We are told that there are consumer benefits to be derived from "cheap" foreign imports. These are illusory. The suggestion that they exist is causing the public and government to ignore the long-term dangers posed by these imports — widespread textile and apparel unemployment; loss of shareholder investments; the negative impact on the GNP; continued negative balance of trade which for textiles alone in 1976 reached \$3 billion; and the potential destruction of two of this nation's most important industries.

Adding to the difficulties the U.S. based textile industry faces today is the need to spend substantial sums and increase costs to clean up the environment and establish better safety and health conditions. These trends are in sharp contrast to the direct and indirect subsidies which are often offered by foreign governments to their own textile industries to encourage exports.

Of further great concern to us is the potential for the United States to become completely dependent on foreign countries for essential textile products. This is true not only of apparel for our people, but of basic industrial textile products that are used in the rubber, computer, aerospace and defense industries. We have only to look today at our almost complete dependence on foreign oil, and the prices we pay for that commodity, to see what a future based on foreign dependency could hold for us.

Yes, we must keep goods flowing between nations. But we must also find a fair and equitable formula for the admission of imports — one that will not sacrifice this nation's textile and apparel industries.

There is also a fundamental question as to who actually gains from the lower cost of labor under which most imported textile products are manufactured. The wage rates in less de-

veloped nations — from where most textile imports arrive — usually run between 25¢ and 50¢ per hour compared with the Burlington Industries average of \$4.02 per hour.

Should American workers now be forced to subsidize foreign workers with their jobs? Absolutely not. Let us remember, too, that American workers are also consumers. As unemployed workers, they will no longer make a contribution to our economy, but will require public assistance and go off the tax rolls. In the long run, we will all — employees, corporations, shareholders and consumers — be forced to pay for this.

We are not suggesting that imports of textile products be stopped. Only that they be required to meet tests of fairness and need.

Thus, we are saying that this country's leaders must take a long, hard look at the Multi-Fiber trade agreement as it stands now and amend it to correct the inequities that have become so clear.

Specifically, we have made two proposals to amend the MFA:

1. Textile and apparel imports must not grow at a rate greater than that of the domestic market.
2. A mechanism must be established for timely monitoring of the levels of specific import categories. And where such imports severely impact the industry, no overall quota growth would be allowed in the next year.

These two basic proposals encompass the points which have been variously endorsed by other representatives of the textile and apparel industry, and also by more than 225 Congressmen who have recognized this serious threat to the textile/apparel industry.

To preserve a viable domestic textile/apparel industry, the executive branch of our government must commit itself to negotiate a more effective Multi-Fiber Arrangement and bilateral agreements in such form as to curtail immediately the increasing injury to the domestic textile/apparel industry, with its consequent loss of jobs.

Some 2.3 million such jobs are at stake in this import question, 12 percent of all manufacturing jobs in this country. Twenty-three percent of those 2.3 million jobs are filled by minorities and 65 percent of them are filled by women. It is difficult to understand why we are so concerned about countries that become havens for American importers and foreign manufacturers who exploit cheap labor at the expense of our own U.S. labor force and industry. We are deluding ourselves if we believe the MFA as it now stands is really giving us anything except the progressive export of American jobs.

We trust our government will now proceed with wisdom and profound concern for the 2,300,000 textile/apparel workers in America who want to keep their jobs and their dignity.

Burlington Industries

3330 West Friendly Avenue, Greensboro, N.C. 27420

day April 13 1977
Connell
growth
 a loss by the
 reacting and
 starting company
 smart which had
 acquires particularly
 contract from
 side in the
 s on any
 could fall to
 ars. The
 profitable in 1977
 uments

comment

ter write-offs
 gans, the net
 Connell has
 \$3.1m. The
 laries are
 0.9m. but
 this sum will
 20 years with
 only 6 per
 rite of 10 is
 sanwhile the
 e down to
 before the
 nch for £12
 in capital
 mitted for 1977
 other
 p of that
 food from
 cond. The
 retain the
 e likely to
 the market
 no longer
 ader and will
 ount of as a

PLAXTONS
YEAR CHANGE

The next report
 axtons (Scarborough)
 e month period to
 1977.
 Thereafter, accounts
 red annually on Sep
 each year.

to 10%

stical Council (East
 orten District Council
 endip District Council
 ncester City Council
 Heston District Council
 outh Council of
 .1. Cumbernauld
 strical Council (East
 strical Council (East
 strical Council (East
 The London Borough
 ily has raised £1m
 to pay for
 in on 10/10/76
 The following
 uted two year
 ut, at 10 and
 The East
 joined £2m. Has
 urnal (E.M.).
 urnal (E.M.).
 Three year
 sed at 12 per
 rdon. Borough
 .1m. Heston
 .1m. and Dun
 ay Regional
 eveland County
 edway Borough
 ne bonds are
 .1.

RES

1976
 £61.5m
 48.3p

£766.618
 1.244p

0.965p
 1.350p

4.27774%

PROSPECTS

on perhaps the
 ny was the steep
 ough the negotia
 some return of
 spects continue
 ewed inflation.
 us policy with
 estment. They
 rm gains in
 or to that in
 invest a subst
 re.

1976
 42.3
 33.9
 3.7
 5.8
 2.5
 2.4
 0.9
 3.6
 4.9

100.0
 impending loan

reagents and
 th 1977 at 12.15p

Robin Burton looks at fisheries research in the Antarctic

The hunting of the krill

THE BRITISH Antarctic Survey, headed by Dr. Richard Laws, is to increase its research work into offshore resources in Antarctica such as deep sea fish stocks and krill, the shrimp-like organism engaging the interest of scientists.

There is now growing awareness that there is considerable wealth locked up in Antarctica in the shape of coal, oil and minerals, but some doubt that this can be extracted without significant advances in technology, which will take time. In the meantime, however, it has become increasingly obvious that there will be development of various types of fisheries and the British scientists, who have long been involved in Antarctic research, want to be in a strong position to argue conservation measures before this occurs.

Potential

The Antarctic Peninsula region, which projects towards South America, is regarded as being a particularly interesting area and was formerly of great significance to the South Atlantic whaling industry. According to Dr. Laws, "it is now abundantly clear that it is the key area for Antarctic science. This is also considered to be the area with the greatest economic potential and the best way for Britain to retain a stake in these resources is to maintain a substantial scientific programme."

The U.S. Geological Survey estimate suggests that there may well be more oil in Antarctica than in the whole of North America. The research ship Glomar Challenger found evidence of gas deposits, but for various reasons Dr. Laws feels that it is better to consider more easily attainable riches in the form of krill and fish. This view is reinforced by the results of recent research carried out by the West German research ships Walther Herwig and Weser.

The first big West German attempt to look into the possibilities of harvesting the tiny crustaceans known as krill ended last June, when the search trawler Walther Herwig docked at Bremerhaven with krill as the last ten years have



Krill in a midwater trawl on the deck of the West German research trawler Walther Herwig.

seen a fair amount of activity of commercial importance in a Weser after an eight-month exploratory voyage to Antarctica. The ships had worked in the Scotia Sea between South Georgia and the South Orkney Islands, close by the Antarctic Peninsula and in the Weddell Sea. They had also travelled further eastwards to the waters between South Georgia and South Africa.

On these trips, made during Antarctic summer, the ships sailed a distance equivalent to more than four times round the world and made over 200 hauls for krill using nets designed to work near the surface, as well as seeking bottom-living fish.

Initial assessments of results show that there should be little difficulty in catching all the krill needed, as these can be found in the upper ocean layers. Main aims for future research will be the determination of the best sort of ship to catch the krill and the best uses for the high-protein product.

A British scientist of the British Antarctic Survey, Dr. Inigo Everson, who sailed with the Walther Herwig, said that the results were "most encouraging."

It is not only the British and Germans, who are interested in shipping. There are also other stocks of fish which could prove

by both Russia and Japan, world of shrinking fishery grounds.

Russia has been evaluating krill as a food and several "krill pastes" are on sale in Moscow, although they are not a conspicuous success as yet. It is thought that Japan will soon "go commercial" having undertaken several exploratory voyages.

On the basis of German experience, with catching rates of some 40 tons an hour, it is likely that krill fishing could be commercially viable, but so far it is not known what rate of catching the stocks could support without being wiped out.

There is quite a lot of information available about the habits of the Antarctic krill, but still some uncertainty on several main points. It is known, for example, that krill are most abundant in certain areas, but nobody knows why this is so.

Abundance

It seems possible, on the basis of present knowledge, that a krill "fishery" could maintain an annual catch of perhaps 50m tons and there are abundant stocks in the areas open to shipping. There are also other stocks of fish which could prove

practical manner next Antarctic summer when a group of scientists will move in to supplement those already there, despite the fact that an official governmental report insists that there is a doubtful future in the resources available.

The Antarctic is of course still under the umbrella of the Antarctic Treaty which was signed in 1959 and designed to last 30 years, during which time there would be peaceful collaboration between the various countries which signed it. The U.S., Russia, South Africa, Britain, New Zealand, Australia, France and Japan all have their own special interests there so it can be expected that the treaty will soon be under strain, especially as Argentina and Chile are making rumbling noises about their "territorial rights."

Dr. Laws says "we feel very strongly that in the next 10 years there is likely to be massive exploitation. This could have a lot of implications with regard to the Law of the Sea Conference and the proposed International Seabed Authority."

All of these notes having been sold, this announcement appears as a matter of record only.

يو بي اف

UNION DE BANQUES ARABES ET FRANÇAISES-U.B.A.F.

US \$ 25,000,000

FLOATING RATE NOTES 1977-1982

CREDIT LYONNAIS FIRST CHICAGO LIMITED
UNION DE BANQUES ARABES ET FRANÇAISES - U.B.A.F.

THE ARAB AND MORGAN GRENFELL FINANCE COMPANY LIMITED
THE ARAB INVESTMENT COMPANY, S.A. (Riyadh)

BANKERS TRUST INTERNATIONAL LIMITED
BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

CREDIT COMMERCIAL DE FRANCE
KUWAIT INTERNATIONAL INVESTMENT CO. S.A.E.
LIBYAN ARAB FOREIGN BANK
NOMURA EUROPE N.Y.

- | | | |
|---|---|---|
| ALABHI BANK OF KUWAIT (S.S.C.) | ALGERIENS BANK NEDERLAND N.V. | AL SAUDI BANK |
| AMEX MIDDLE EAST DEVELOPMENT CO. S.A.L. | AMSTERDAM ROTTERDAM BANK N.V. | AMSTERDAM ROTTERDAM BANK N.V. |
| THE ARAB BANK FOR INVESTMENT AND FOREIGN TRADE | ARAB FINANCE CORPORATION S.A.L. | ARAB FINANCE CORPORATION S.A.L. |
| ARAB FINANCIAL CONSULTANTS COMPANY S.A.E. | BANCA COMMERCIALE ITALIANA | BANCA COMMERCIALE ITALIANA |
| BANCO ARABE ESPANOL, S.A. | BANCO DI ROMA | BANCO DI ROMA |
| BANQUE ARABE D'INVESTISSEMENT INTERNATIONAL | BANQUE DE PARIS ET DES PAYS-BAS | BANQUE DE PARIS ET DES PAYS-BAS |
| BANQUE BRUXELLES LAMBERT S.A. | BANQUE INTERNATIONALE D'INVESTISSEMENT | BANQUE INTERNATIONALE D'INVESTISSEMENT |
| BANQUE INTERNATIONALE A LUXEMBOURG S.A. | BANQUE NATIONALE DE PARIS | BANQUE NATIONALE DE PARIS |
| BLITH EASTMAN DILLON & CO. International Limited | CAISSE CENTRALE DES BANQUES POPULAIRES | CAISSE DES DEPOTS ET CONSIGNATIONS |
| CITICORP INTERNATIONAL GROUP | COMMERZBANK AKTIENGESELLSCHAFT | CREDITANSTALT-BANKEVEREIN |
| CREDIT SUISSE WHITE WELD | DBS - DAIWA SECURITIES INTERNATIONAL LIMITED | ELBOPARTNERS SECURITIES CORPORATION |
| DRESNER BANK | EUROPEAN ARAB BANK (BRUSSELS) S.A. | EUROPEAN ARAB BANK (BRUSSELS) S.A. |
| EUROPEAN ARAB BANK (BRUSSELS) S.A. | EUROPEAN BANKING COMPANY | FINANCIAL GROUP OF KUWAIT S.A.L. |
| FIRST BOSTON (EUROPE) | GIOCENTRALE UND BANK DER OSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT | THE INDUSTRIAL BANK OF KUWAIT |
| GOLDMAN SACHS INTERNATIONAL ADVISERS | J. HENRY SCHROEDER & CO. S.A.L. | KHALI COMMERCIAL BANK LIMITED |
| INTERNATIONAL FINANCIAL ADVISERS | KREDBETRIEF N.V. | KREDBETRIEF N.V. |
| SIDDER, FEARODY INTERNATIONAL LIMITED | KUWAIT INTERNATIONAL FINANCE CO. S.A.E. (KIFCO) | KUWAIT INTERNATIONAL FINANCE CO. S.A.E. (KIFCO) |
| KUBN LOEB & CO. INTERNATIONAL | KUWAIT FOREIGN TRADING CONTRACTING & INVESTMENT CO. (KAFIT) | MERZEL LYNCH INTERNATIONAL & CO. |
| KUWAIT INVESTMENT COMPANY (S.A.E.) | MANUFACTURERS HANOVER LIMITED | THE NATIONAL COMMERCIAL BANK |
| LTC ASIA LIMITED | THE NATIONAL BANK OF KUWAIT S.A.E. | THE NATIONAL COMMERCIAL BANK |
| NATIONAL BANK OF ABU DHABI | THE NIKED (LUXEMBOURG) S.A. | NEFFON EUROPEAN BANK S.A. |
| NCB BANK AG | SOCIETE GENERALE | SOCIETE GENERALE DE BANQUE S.A. |
| SAMUEL MONTAGU & CO. LIMITED | SWISS BANK CORPORATION GIBRALTAR LIMITED | SWISS BANK CORPORATION GIBRALTAR LIMITED |
| SMITH BARNEY, HARRIS UPHAM & CO. | UNION DE BANQUES ARABES ED EUROPEES (ITALIA) S.A.L. | UNION DE BANQUES ARABES ED EUROPEES (ITALIA) S.A.L. |
| STENSKA HANDELSBANKEN | UNION MEDITERRANEE DE BANQUES | UNION MEDITERRANEE DE BANQUES |
| UNION DE BANQUES ARABES ET EUROPEENNES - U.B.A.E. | UNION OVERSEAS BANK S.A. | UNION OVERSEAS BANK S.A. |
| URAN-ARAB JAPANESE FINANCE LTD. | WESTDEUTSCHE LANDESBANK GIOCENTRALE | WESTDEUTSCHE LANDESBANK GIOCENTRALE |

MARCH 26 1977

SIEMENS

Control systems in a commanding position.

When the Master of the MS Bremen gives an order, Siemens is at hand to ensure that it's carried out to the letter. In crowded harbours and at sea, Siemens automated control of propulsion, power supplies and services brings greater efficiency to ship management—and improved working conditions for ships' companies.

In Britain and throughout the world, Siemens equipment and expert technical support assists ship owners, crews and marine engineers to operate more effectively.

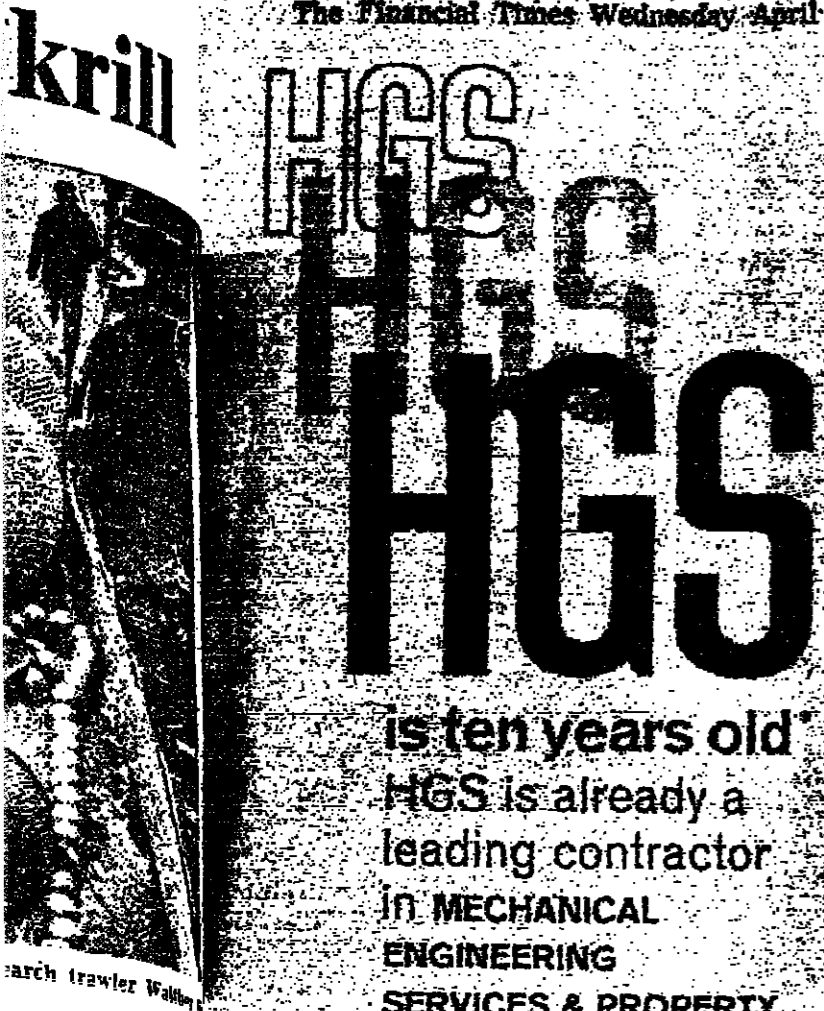
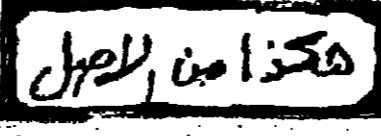


In industry you'll also find Siemens at work, improving production capacity and the quality of life. Siemens massive investment in research and development puts advanced technology at your command.

For full details of Siemens advanced technology in control engineering contact:
Siemens Ltd., Great West House, Great West Road, Brentford, Middlesex TW9 9DG.

In the world of control engineering Siemens has the answer.

هذا من الاصل



HGS is ten years old... is already a leading contractor in MECHANICAL ENGINEERING SERVICES & PROPERTY MODERNISATION

oughtn't you to ask us to tender?

Ask for a copy of our Anniversary brochure...

HGS... 80 Colinton Road, Edinburgh 10, Scotland... Tel: 010-6241124

AP Cement chief sees successful future

IN HIS annual statement, Mr. J. A. F. Binny, the chairman of Associated Portland Cement Manufacturers, says that the group is very much alive and well. The construction industry is in a recession, particularly in the U.K., he tells members, but these cycles have occurred in the past and we shall pull out of this one in due course.

Pye encouraged by order intake

IN THE annual report of Pye Holdings whose only significant asset is Pye of Cambridge, the chairman of both companies, Lord Thorneycroft, says that the medium and longer term outlook will be materially influenced by the decision to be taken by shareholders on the proposals for restructuring the group with a view to concentrating its efforts mainly in the fields of professional electronics and specialised components.

Richard Clay starts well

THE CURRENT year has started on a strong note and should see some further improvement in the results of Richard Clay and Co., says Mr. John V. Clay, chairman, in his annual statement.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are final or interim and the sub-divisions shown below are based mainly on last year's practice.

Table with columns: Company Name, Meeting Date, and Meeting Details.

Export sales together with sales by overseas companies accounted for 20 per cent of turnover...

American Trust looks to the U.S.

As the potential of U.S. equities seems stronger than that of other markets, American Trust Company is continuing with the investment of a large part of its portfolio in that country, say the directors.

Refuge Assurance invests in farming land

Mr. P. W. D. Smith, chairman of Refuge Assurance Company, reveals in his 1976 statement that investment in agricultural land started last year, the decision being based on the belief that land, in real terms, was cheaply available.

Refuge Assurance invests in farming land

An amount of £1.5m. was transferred to the profit and loss account from the two life branches and the fire and accident branch against £1.3m. in 1975. The total dividend is lifted by the maximum permissible amount to 7235p per share.

SCOTTISH PROVIDENT

Strong upward trend very encouraging

Points from the Statement by the Chairman, Mr. M. D. Penland, C.A.

New business: The distinguishing feature of our new business figures for 1976 was the strong upward trend in ordinary annual premium income. Total new annual premiums in respect of individual life assurance contracts increased by 12% to £3,267,000...

Nationalisation proposals

The irrelevance and irresponsibility of the proposals to nationalise the "big four" clearing banks and seven large insurance companies have already been the subject of widespread comment.

have the technical and commercial knowledge to decide whether the raising of funds for capital investment is likely to be profitable. These companies have frequently felt unable to justify in commercial terms paying the high rates of interest necessary to compete with those offered by the U.K. Government...

Agents' commission

During the year members of the Associated Scottish Life Offices and the Life Offices' Association entered into a new agreement in respect of agents' commission under which all commission will be related to the amount of premiums under a policy instead of to benefits, as in some cases in the past.

It cannot be too often stated that life offices are responsible long-term investors, not short-term speculators.

We have now entered the third year of our current triennium and we look forward with confidence to the results of the triennial valuation as at the end of the year—confidence which the Directors have already marked by increasing the rates of ordinary interim bonuses above those declared for the last triennium.

British Steel Constructions

FOLLOWING an estimated pre-tax loss in excess of £1.3m. British Steel Constructions (Birmingham) has reported an actual profit of £1,435,000, compared with a profit of £1,742,000 for the year to October 31, 1975.

Channel Islands & Intl.

Revenue for 1976 of Channel Islands and International Investment Trust fell from £137,200 to £126,729 before tax of £23,262, compared with £21,127.

MONEY MARKET

Some interest rates ease

Bank of England Minimum Lending Rate 9 1/2 per cent. (since April 7, 1977). Interest rates showed minor changes in the London money market yesterday, with some small gains mixed with some small losses.

Table showing interest rates for various terms: 3 months, 6 months, 12 months, etc., with columns for Bid, Offer, and other market data.

Copies of the Report & Accounts are available on request from the Head Office, The Scottish Provident Institution, 6 St. Andrew Square, Edinburgh EH2 2YA.

Good order position at Pittard Group

IN HIS ANNUAL statement, Mr. G. J. Pittard, chairman of leather tanners and dyers, Pittard Group, says that the order position in all group companies is substantially better than a year ago, although all factories have some spare capacity which it is hoped to utilise in the near future.

In the present international business climate it would be imprudent to attempt an accurate prediction of the group's performance for 1977, he tells members, as many major problems are created by Governments of foreign countries, banning exports of raw hides and skins and subsidising exports of leather and leather goods.

Nevertheless, assuming that difficulties are not greater than in recent years there is reason to believe that results for the current year will be equal to or better than 1976.

cost of raw materials; in particular the price of U.K. hides, which almost doubled, British, European and North American footwear and garment manufacturers were seriously affected by imports of footwear and garments from Eastern European and developing countries; had this not been so, sales could have been substantially greater.

In addition, footwear manufacturers were adversely affected by the very long, dry, summer, but the order position has now substantially improved.

In 1976 it was possible to obtain advantageous terms for the purchase of the land (over five acres) and buildings of R. and A. Kohlmann, Beckenham (previously leased).

Including this purchase more than 30m. has been invested in buildings, plant and machinery during the last three years. During this time increased investment in stock and debtors was 52m.

These investments have been financed by retained profits and by short-term borrowing which still amounts to only some 25 per cent. of capital and reserves.

Meeting Yeovil on May 3 at 12.30 p.m.

LAZARD PROPERTY UNIT

The Lazard Property Unit Trust has received a record subscription of 15m. as a result of its twentieth issue of units which closed on March 25. The Trust, which now has a value of over 57m., will be seeking further first-class properties for its portfolio following this encouraging support from Pension Funds and Charities.

In March 25m. was spent on two properties: an industrial estate in West London and an office building in the City, both of which it is confidently anticipated

will provide good performance in the future.

Equity Income up midway

For the six months to February 28, 1977 Equity Income Trust reports revenue up from 222,944 to 256,212 subject to tax of 196,268 against 182,348. Net revenue for the last full year amounted to 219,132.

The net interim dividend is stepped up from 2.405p to 2.6p per 50p share — last year's final payment was 5.07p. The director's forecast a gross total of at least 12.3p (11.5p) for the current year.

Net asset value per share at February 28 was 182p (175p).

Midway dip at Ellis & McHardy

Reduced demand for all types of fuel, partly because of good weather, resulted in a slight decrease in pre-tax profit, from 1,122,397 down to 1,117,269, for solid fuel distributors, etc., Ellis and McHardy in the months to January 31, 1977. Sales were 14.35m. against 13.62m.

Stated earnings per 25p share were 4.89p (4.94p). Last year a single net dividend of 2.485p was paid from profit of 10.21m.

The trading profit was 1,614,400 (£1,642,232) and profit was struck after depreciation of 144,131 (£1,498,101).

Scottish Amicable success

A SUCCESSFUL year was enjoyed by Scottish Amicable Life Assurance during 1976, according to chairman Sir Robert Fairbairn in the latest annual report and accounts. New annual premiums for individual business rose from 17.1m. in 1975 to 23.7m. in 1976 and group life pensions new annual premiums increased from 54m. to 64.5m.

But the highlight of the year was the Flexipension policy for the self-employed which was launched last November. In the remaining six weeks of 1976, new policies were sold with annual premiums totalling 225,000 and in 1977 to date the annual premiums from this source have amounted to over 450,000.

At the end of 1976 the portfolio was spread as follows: 1,232m. in Government and other public securities; 1,130m. in company securities in the private sector; 1,54m. in property; and 552m. in mortgages and loans. The principal feature of the investment policy in 1976 was the 224m. invested in long-dated gilts. Added to the 225m. invested in 1975 and 23m. in January 1977, this makes a grand total of 558m.

Purchases of ordinary shares accounted for 56m. of which 123m. were invested in the 1975 and 1976 levels current in October. Around 13m. was put into property, mostly in developments nearing completion.

Scottish Amicable is anxious to emphasise that its investment timing has been better than the rest of the life assurance industry, where the tendency has been to buy at the top and to sell at the bottom of markets. For the record, Scottish Amicable now seems less keen on gilt-edged stocks but is not a seller.

The report includes an explanation of the rise in the price of the shares in the company — as a result of the improvement in confidence the terminal bonus rates have now been reinstated to the December, 1975 level.

Schroders

Mr. Michael Verey, Chairman of Schroders Limited, reports on 1976



The Group had another successful year. The disclosed consolidated profit (after taxation and transfers to inner reserves), together with other surpluses credited to disclosed consolidated reserves, amounted to £6,555,000 compared with £6,230,000 in 1975. The disclosed profit of the banking and insurance subsidiaries was 24 per cent. higher than in 1975.

A maximum permitted final dividend is recommended, making a total for the year of 10.2425p per share compared with 9.3114p per share for 1975.

The earnings of J. Henry Schroder Wagg & Co. Limited exceeded last year's record level. The banking division's profits were higher than ever before. The investment division continued to be profitable. The company finance division made its highest contribution yet to the bank's results.

The Schroder Life Group's new business results overall were encouraging and Schroder Finance, now Schroder Leasing, had another record year. Schroder Computer Services achieved a further improvement in external income.

Earnings from the Group's operations in the United States improved significantly owing to increased revenues from virtually all service activities and from higher security profits. The volume of lending business expanded while record revenues were achieved in the portfolio management and investment banking areas.

In Switzerland, J. Henry Schroder Bank A.G. again achieved excellent results.

In Brussels, we and The Mitsubishi Trust and Banking Corporation each took a fifty per cent. interest in MTBC & Schroder Bank which opened in September, 1976.

In Australia, the Schroder, Darling Group was helped by declining short term interest rates to achieve a record pre-tax profit in the year to 30th June, 1976.

In Brazil, the Schroder-Monteiro Aranha companies continued to expand and we have remained active elsewhere in Latin America.

In the Far East, Schroders & Chartered enhanced its position in Hong Kong. Our Tokyo representative office continued to expand its activities. Group earnings from our Japanese business reached record levels. In October, 1976 we acquired an interest of just under twenty-five per cent. in Singapore International Merchant Bankers Limited.

In the Middle East, the Group expanded its activities satisfactorily and we acquired a shareholding in a new investment bank in Saudi Arabia. The Saudi Investment Banking Corporation.

Our associated company, Property Holdings International Limited, has been faced with difficulties. The sectors of the United States real estate market in which its projects principally lie did not show the improvement which had been looked for at the beginning of 1976.

After 43 years with the Group I am retiring at the Annual General Meeting on 4th May, 1977 when the Earl of Airliie will succeed me. I record my grateful thanks to all those who have worked or who now work for the Group.

schroders

Group Companies, Associates and Representative Offices in: Argentina, Australia, Belgium, Bermuda, Brasil, Canada, The Cayman Islands, Colombia, France, Germany, Hong Kong, Japan, Lebanon, Saudi Arabia, Singapore, Switzerland, United Kingdom and United States of America. If you would like a copy of the Schroders Limited Report and Accounts, please write to The Secretary, Schroders Limited, 120 Cheapside, London EC2V 8DS.

Refuge assurance

STATEMENT BY THE CHAIRMAN, MR. P.W.D. SMITH.

To be presented at the Annual General Meeting to be held on 5th May 1977.

THE results set out in the Accounts show that 1976 was a satisfactory year for the Company. In spite of the ever increasing demands made on Management time by legislative proposals and proposals, good progress was made in all branches of our activities.

Nationalisation

At its 1976 Conference the Labour Party approved a National Executive Committee paper on Banking and Finance which included the proposal to nationalise seven named insurance companies. The Refuge was not amongst those named but there is no reason to doubt that the authors of the paper envisage nationalisation of the seven as just the first step towards State takeover of the whole industry. According to the resolution passed by Conference, nationalisation is desirable "so that private savings can be utilised in a planned fashion for the regeneration of British industry." The suggestion that the expansion of British industry is hampered by lack of investment on the part of life offices and other financial institutions does not stand up to examination. The facts are that, in addition to the substantial amounts subscribed by way of Rights issues, plenty of money has been made available for use by industry through Finance for Industry and, more recently, Equity Capital for Industry. What is required is action by Government to create an economic framework within which industry can make profitable use of money which the institutions are ready and willing to provide on sound commercial terms. I hope that Sir Harold Wilson's Committee to review the functioning of Financial Institutions will have some useful suggestions to make and that its findings will put an end once and for all to calls for nationalisation, which I believe could only cause considerable damage to the Country's economy. Institutional funds are freely available to industry and commerce for viable projects. To channel these funds — whether by means of nationalisation, directed investments, or in any other way — into projects which are basically unprofitable or unremunerative is quite inequitable and represents, in effect, a special dividend discriminating against the thrifty members of the community who save through life assurance.

The Bullock Committee

The report of the Committee of Enquiry on Industrial Democracy has given a much argued but perhaps insufficient appreciation of the likely consequences for investors and for investment, should the majority recommendations be implemented. Shareholders would lose ultimate control over the management of the assets they have purchased and over the disposal of that part of the profit earned on those assets that can properly be regarded as distributable. There can be little doubt that the impact on share values and future dividends would seriously impair the interests of investors. Furthermore, abolition of existing rights on the scale here proposed amounts to expropriation of a substantial part of existing investment. This can only inhibit savers, and those such as ourselves who invest on their behalf, from subscribing the new capital that industry will require. However regrettable, this would inevitably result in increased cost to companies trying to raise finance.

Life Assurance Premium Relief

One of the many attractions of a life assurance policy is the tax relief for which the majority of policyholders are eligible. The 1976 Finance Act made provision for an alteration in the method of granting this relief.

Under the new system, from April 1979 the policyholder will obtain his relief by deduction

from the premium at the time of payment, the amount deducted being recovered subsequently by the Company from the inland Revenue. This change transfers the burden of administration from the Revenue to the Life Offices and was justified by the Chancellor on the grounds of saving some 1,000 to 1,500 civil servants. No attempt seems to have been made to assess the additional work being placed on the Offices.

Even in the Ordinary Branch this will be considerable. In addition to the initial task of amending all policy records including the problems associated with bank standing orders and direct debits, there will be a continuing administrative burden. This, however, pales into insignificance beside the enormous problems which these changes will present in the Industrial Branch where we and our staff will be faced with the task of granting the appropriate relief on policies with relatively small premiums collected frequently and regularly at the homes of policyholders. The extra work generated must be many times greater than the amount saved.

Investments

After careful consideration early in the year it was decided that a modest portion of the life funds should be invested in agricultural land. This widening of the spread of investments reflects a belief that land, which is a real asset whose supply is strictly limited, is more likely than alternative forms of investment to maintain its value in real terms during a period of inflation. By the end of the year a total of 2,500 acres of good farming land in different parts of the country had been purchased. One farm is let to an experienced tenant farmer and the others are being farmed directly through agricultural agents. It is intended that further purchases will be made as and when suitable opportunities occur. A subsidiary company, Refuge Farms Limited, has been formed for the purpose of handling the direct farming operations.

The heavy demands of the Government's borrowing requirement and the all too well known economic problems associated with the value of the £, dictated that medium and long term interest rates were at very high levels throughout the year under review — too high to be acceptable to industrial borrowers. Consequently new issues of company loan capital were virtually non-existent and the gilt edged market claimed a major part of our new investment, to the extent of some £5 1/2 millions. In the private sector, numerous Rights issues, and a sharp set-back in prices during the autumn, provided opportunities to add some £5 millions to our ordinary share portfolio. The total invested assets of the Life Branches, as shown in the Balance Sheet, increased by £14.0 million during the year to reach a total of £334.3 millions.

Although the number of new policies issued was slightly less than in 1975, new annual premiums showed an increase of nearly 8%. The total income received during the year from renewable premium business was 6% higher than in 1975. The total expenses increased by almost 10% to £3,552,000 and amounted to 23.6% of the premium income (including consideration for annuities) compared with 22.9% in 1975. The investment income increased by £1.9 million and the gross interest yield on the Life Fund rose from 9.53% to 10.8%.

Following the annual valuation of the Life Fund, increased reversionary bonuses have been declared as set out in the Directors' Report. In addition, terminal bonuses have been significantly increased for longer term policies becoming claims during the next 12 months.

Industrial Branch

The sums assured by new policies were 11% higher than in 1975, whilst new annual premiums increased by nearly 14%. The total premium income was 9 1/2% higher than in 1975, but expenses increased by over 13% and amounted to 47.9% of the premium income compared with 46.3% in 1975. The volume of business in the branch remained unchanged for over twelve months to give a gross interest yield on the Life Fund of 10.18% compared with 9.43% in 1975.

An increased rate of reversionary bonus has been declared and, in addition, a terminal bonus on similar lines to that applicable in the Ordinary Branch has been introduced for claims within the 12 months commencing 1st April 1977.

Fires and Accident Branch

Net premiums were 22% higher than in the previous year whilst the total expenses, including commission, rose by 23%.

Motor premium rates were increased by some 25% on 1st March 1976, but even so the motor account has produced a small underwriting loss of £2,000, compared with a profit of £55,000 for 1975. Premium rates have remained unchanged for over twelve months but an increase of 12% will be implemented on 1st May 1977.

One of the main areas of concern during 1976 has been the deterioration of the claims experience for Employers' Liability business, largely due to high awards by the Courts, particularly in Northern Ireland. The loss on the liability account was £36,000 compared with a profit of £4,000 in 1975. Remedial action is being taken.

The Property Account underwriting loss of £89,000 compares with a loss of £55,000 for 1975. There are still too many sums insured below their proper levels; efforts to guide policyholders to adequate amounts are being continued and intensified.

Overall there was an underwriting loss of £120,000 compared with last year's £18,000 profit. After investment income and tax, however, the net profit is unchanged at £118,000 of which £50,000 has been transferred to Profit and Loss Account.

Profit and Loss Account

The balance of £268,000 brought forward from the previous year was reduced by £38,000 to meet the cost of the bonus issue to which I referred in my statement a year ago. The total amount transferred to the Profit and Loss account in 1976 is £200,000 more than in the previous year. After provision for payment of a final dividend of 6.625p per share, making a total for the year of 7.2528p per share which is the maximum permitted by legislation, the balance of profit carried forward is £429,000.

Conclusion

The difficulty of achieving sufficient growth in premium income to absorb the increase in expenses resulting from a high level of inflation continues to be our greatest single problem. In both Life Branches the expense ratio was higher in 1976 than in the previous year despite strenuous efforts to economise. Against this background it is a source of constant irritation that so much time has to be spent on studying new legislative proposals. The report of the Bullock Committee, to which I have already referred, contains doctrinaire proposals designed to ensure wider participation in the management and control of every major commercial and industrial undertaking in this country. The concept of a single team representing all shades of opinion within the enterprise and working together for the common good — in our case, for the good of shareholders, policyholders and staff — is highly attractive, but it is not a state of affairs which can be achieved overnight by Act of Parliament. Our experience is that co-operation within the Company is something which grows slowly but surely as a result of long hours of patient and frank discussion. One example of the outcome of consultation between representatives of Management and Unions is the work of the Joint Investigating Committee to which I referred a year ago. I hope that Management and Unions can continue to meet together with a common desire to find acceptable solutions to the Company's problems, and that the atmosphere of mutual respect and understanding which now prevails will not be frustrated by enforced legislation with hasty and ill-designed legislation.

The Company's overall results for 1976 show a significant improvement over 1975 and I wish to record the Board's sincere thanks to all who contributed in any way. It is too early to forecast what will happen in 1977, but provided the impetus we had in 1976 is not lost we can look forward to another year of progress together.



REFUGE ASSURANCE COMPANY LIMITED

Chief Office (and Registered Office) Oxford Street, Manchester M60 7HA

Registered Number 1364C (England)

Daewoo Heavy Industries Limited



\$20,000,000

Term Loan due March 1983 guaranteed by The Korea Development Bank managed by Goldman Sachs International Corp. Marine Midland Bank co-managed by United California Bank J. Henry Schroder Wagg & Co. Limited provided by Marine Midland Bank DG Bank Deutsche Genossenschaftsbank-Cayman Islands Branch J. Henry Schroder Wagg & Co. Limited The Royal Bank of Canada International Limited, Nassau Standard Chartered Bank Limited United California Bank Compagnie Financière de la Deutsche Bank AG Girard Trust Bank Iran Overseas Investment Bank Limited MTBC & Schroder Bank S.A. Pacific National Bank of Washington

advisor to the borrower Korea Merchant Banking Corporation agent Marine Midland Bank

come Indon

Tin is d

for E how asse

NATIONAL COMPANY SHARL STA

MINING NEWS

RTZ comes to terms with Indonesia

RTZ will offer these shares according to which of two formulae offers the higher value. The alternatives are: the depreciated and indexed book value of the total investment as defined for windfall tax, less any outstanding third party loans; or profits averaged after normal tax and multiplied by 81, the latter figure being the price-earnings ratio accepted by both sides.

Falconbridge's \$500m. Chile copper deal

A TEAM of experts from Canada's Falconbridge Nickel has arrived in Chile to carry out prospecting work at the Quebrada Blanca copper deposit in northern Chile.

Mine unions and Chamber in dispute

A FORMAL dispute now exists between the Chamber of Mines in South Africa and the (white) Council of Mining Unions there, following the refusal of the Chamber to comply with the unions' requests for higher wages and improved employment conditions.

APPOINTMENTS

Group post at Standard Chartered

Mr. P. D. Melville, chairman and managing director of London and Dominion Trust Ltd., has been appointed a director of STANDARD CHARTERED MERCHANT BANK.

Malayan Tin is doing well

concentrate output figures for the first 10 months of 1976 compared with the same period in 1975.

Table with columns: Month, 1976, 1975. Rows: Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec, Total.

MINING BRIEFS

GOLD AND BASE-Output of concentrates for February 1977 (per cent. grade), 26 25 ounces, columbite 21.2 ounces.

IDS AND DEALS

ITT offer for Bridgewater well below asset value

schid Investment Trust's bid for Bridgewater is being opposed by the Board on the grounds that the 200p cash offer is considered inadequate.

NATIONAL FREIGHT CO. EXPANDS

London Distribution Services Company - N. Francis and Company - has expanded with the absorption of the London depot of Hanson Haulage.

DIXONS. PHOTO

The offers by Dixons Photographic to acquire the outstanding Preference shares in certain group companies have been accepted.

SHEFFIELD BRICK

The Board of Raize Engineering Industries announces that acceptances of the offer for Sheffield Brick have been received in respect of 40,823 Ordinary shares.

HME

Acceptances of Harrison's Malaysia Estates' share exchange offer for London Assets and Facilities have now been received.

SHARE STAKES

George Williamson now holds a total of 195,836 shares in Romal.

WELLMAN ENG.

Wellman Engineering Corporation has acquired Serice International of Cheshire, and in future the company will be known as Wellman Serice Processors.

Trident Life pensions

Trident Life Assurance has entered the self-employed pensions market with the launch of its Individual Pension Plan.

Malta docks sales

Sales by Malta drydocks grew to £112m. last year, an increase of £1500,000 over the previous year's figure.

Chemical New York Corporation and Subsidiaries including Chemical Bank

CONSOLIDATED STATEMENT OF CONDITION AT DECEMBER 31, 1976. Assets: Cash and Due from Banks \$ 2,711,476,000. Liabilities: Demand \$ 6,716,811,000. Stockholders' Equity: Common Stock 174,346,000.

REPORT TO INVESTORS from a company called TRW

TRW Reports Record 1976 Results

FINANCIAL HIGHLIGHTS (Dollar amounts in thousands except per share data)	1976			1975			% Change
	1976	1975	% Change	1976	1975	% Change	
Net Sales	\$ 2,929,014	\$ 2,585,683	13.3%				
Earnings Before Income Taxes	\$ 242,139	\$ 184,305	31.4%				
Net Earnings	\$ 133,063	\$ 103,899	28.1%				
Percent to Average Shareholders' Investment	16.6%	14.3%					
Earnings Per Share							
Primary	\$ 4.05	\$ 3.08	31.5%				
Fully Diluted	\$ 3.63	\$ 2.86	26.5%				
Cash Dividends Paid	\$ 1.35	\$ 1.20	12.5%				
Common Shares							
Outstanding	27,628,000	27,482,000					
Average and Equivalents	28,513,000	28,011,000					

TRW Inc., an international supplier of high technology products and services, reports record 1976 sales, earnings, and earnings per share.

For 1976, worldwide sales were \$2.93 billion, an increase of 13% over the previous year's \$2.59 billion. Net earnings reached \$133.1 million, a 28% gain over 1975's \$103.9 million. Earnings per share were \$4.05, exceeding 1975's record \$3.08 by more than 31%.

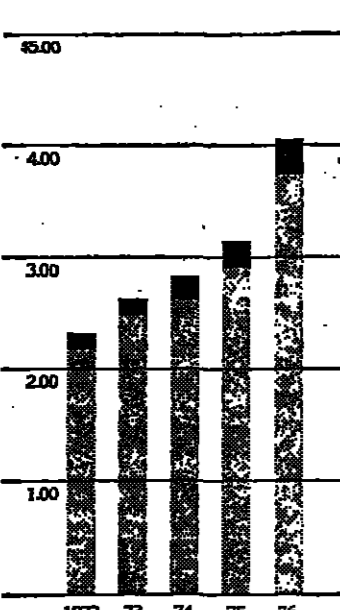
Over a year ago TRW announced new long-range financial objectives which were: a reduction of TRW's debt/equity ratio to 30/70; an average return on assets employed of 15%; a return on shareholders' equity of 20%; and continued dividend growth.

Progress in 1976 toward meeting these objectives demonstrated that the new objectives are reasonable and are attainable in the near future. During 1976, total debt was reduced by \$51.9 million so that the year ended with a debt/equity ratio of 31/69 as compared with 36/64 at the end of 1975. Return on assets employed improved from a corporate-wide average of 9.9% in 1975 to 12.0% in 1976. Return on shareholders' equity rose from 14.3% in 1975 to 16.6% in 1976. Dividends were increased to \$1.35 per share from \$1.20. The company's improved balance sheet and operating efficiency will enable it to focus even more strongly on the quality of operations and growth in 1977.

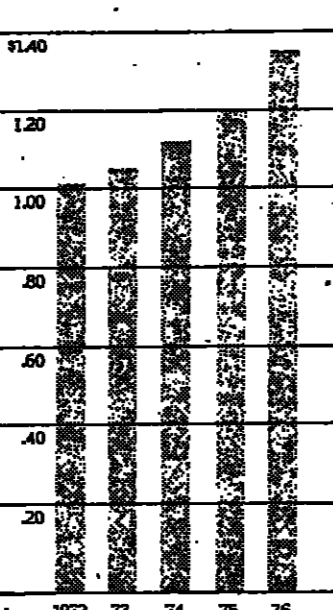
If you would like further information on TRW, please write for a copy of our 1976 annual report: TRW Europe Inc., 25 St. James's Street, London SW1A 1HA.

**A COMPANY CALLED
TRW**

Earnings per Common Share



Cash Dividends per Common Share



Fully diluted earnings per share
Primary earnings per share

INTL. FINANCIAL AND COMPANY NEWS

Confidence in recovery prospects at Gränges

BY WILLIAM DULLFORCE

STOCKHOLM, April 12

GRANGES' managing director, Mr. Johan Aakerman, expresses his conviction in the 1976 final report that the crisis-ridden Swedish heavy industry group will fairly soon find a solution to its problems and start improving its profitability.

The group expects to be able to cut back its commitments in steel, its main problem area, in line with the recommendations of two Government commissions which have been investigating the Swedish special steels and commercial steels industries. The new company constellations which are expected to emerge and in which Gränges would have only minority holdings should have greater chances of surviving, in Mr. Aakerman's view.

The immediate 1977 prospects for Gränges are, however, bleak, involving production cuts, redundancies and lay-offs. In addition, stringent efforts have to be made to reduce the amount of capital tied up in stocks and claims on customers.

Mr. Aakerman points out that the group's indebtedness is not manifestly "overwhelming"; its degree of solvency is more or less in line with that of other large Swedish concerns. But, he adds, "normal" solvency is not enough for a concern so sensitive to business cycles and with a low capital yield.

The upward spiral in interest costs and amortisations, which has become a heavy burden for Gränges, has to be halted. The consequences will hit both employees and shareholders. Job security is threatened and the Board does not feel it can recommend a 1976 dividend," Mr. Aakerman writes.

As previously reported, Gränges made a pre-tax loss of Kr.295.5m. (£39.5m.) on sales of Kr.5.28bn. (£718m.) last year and a net loss of Kr.142m. The adjusted net loss comes out at Kr.19.50 a share, compared with earnings of Kr.6.50 in 1976 and as much as Kr.41 a share in 1974.

Gränges spent Kr.664m. on capital investments last year, a singularly large sum for a concern going through a deep recession, but it was forced to complete projects decided on years earlier. Stocks rose during the year by Kr.253.2m. to just over Kr.2bn., while short-term claims were up by Kr.165.8m. to just over Kr.1.1bn.

Medium- and long-term loans taken up during the year totalled some Kr.870m. The short-term debt rose by Kr.231m. to Kr.1.7bn., while long-term borrowings grew by as much as Kr.861m. to Kr.2.1bn. of which capital employed slipped from Kr.810m. concerns bank loans.

Net interest costs increased from Kr.79.5m. to Kr.131.4m. While waiting for the restructuring of the Swedish steel industry foreshadowed in the recommendations of the Government Commissions, production of heavy steel plate at the Oxelösund works to be reduced to 500,000 tonnes a year compared with a capacity of 750,000 tonnes.

Production of hot-rolled stainless steel plate at the Nyby plant is being closed down this month and operations will be concentrated on cold-rolled plate and tubes. A cost-cutting and efficiency programme has been started.

The shipping division, which saw a 1976 profit of Kr.9m. turned into a Kr.39m. loss last year, is expected to go deeper into the red in 1977.

The bright spots are Gränges Aluminium, which raised its operating profit from Kr.8m. to Kr.53m. last year and expects a further improvement this year, and Gränges Metallverken, which manufactures copper and brass semi-fabricates, contributed Kr.53m. to operating income last year and hopes to do even better in 1977.

Astra optimism on sales, earnings

ASTRA, the Swedish pharmaceutical concern, is expecting a number of new products which could be launched internationally. It then exploited Xylolcan, its new local anaesthetic, to build up a foreign marketing organisation and open the way for other products.

In the '60s the concern decided to invest heavily in research and development, resulting in a number of new products which could be launched internationally. It then exploited Xylolcan, its new local anaesthetic, to build up a foreign marketing organisation and open the way for other products.

RSV capital injections agreement imminent

THE BOARD OF RSV, Holland's biggest shipbuilding and engineering company, expects to reach agreement with the Economics Ministry before the end of this month over the question of capital injections needed to redress a worsening capital position.

Its chairman, Mr. Allerd Slikker, told a press conference on the publication of the annual report in Rotterdam that the idea was not that the State should take a share in the RSV share capital, but rather that it would issue special loans tied to certain conditions. He would not indicate the size of the assistance, which will be part of the giant Dutch Government-inspired restructuring scheme for the Dutch shipbuilding industry which will also affect other companies, such as IHC Holland and Giessen.

After concluding 1976 — as reported earlier — with a major loss, the first in RSV's history, the company's Board stressed that the recently announced massive restructuring plan, and the resultant capacity reduction in shipbuilding, were expected

Daiwa coupon of Euro Yen issue

BY DOUGLAS RAMSEY
TOKYO, Apr 12

DAIWA SECURITIES launched the first-ever Yen bond issue after a long lull in the market.

Daiwa and its co-lead manager, S. G. Warburg, have indicated a 7.5% coupon for the Euro Yen offering for the Euro Yen investment bank (EIB) 10bn. (\$37m.) issue which is a seven-year maturity listed on the Large Stock Exchange.

A purchase fund will average the life to 5.5 if fully operative. Other European and institutions will participate in the Euro Yen issue and the Industrial Bank of Japan has been named as principal paying agent.

The Euro Yen offer is the largest issue from Finance Ministry's Ministry revised its exchange regulations March to permit the issuance of Yen bonds, to certain provisions. The British has also given blessing on a private part of the U.K.'s reduce official sterling particularly those held by British investors.

The pricing of the issue is expected to be set by Daiwa officials and indicated coupon of 7.5% will stick. The issue in recent days, a fortnight ago to the 7.75 per cent coupon.

COMPAGNIE BAN
Daiwa coupon of Euro Yen issue

Subjects recovery

12bn. issue

coupon of Euro Yen issue

issue

NEW ISSUE

\$125,000,000



**CHRYSLER
FINANCIAL CORPORATION**

8 7/8% Notes Due 1982

Interest payable September 15 and March 15

Due September 15, 1982

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

The First Boston Corporation

- | | | | | |
|--------------------------------------|--|--|--|--|
| Goldman, Sachs & Co. | Lazard Frères & Co. | Salomon Brothers | Warburg Paribas Becker Inc. | White, Weld & Co.
Incorporated |
| Bache Halsey Stuart Inc. | Blyth Eastman Dillon & Co.
Incorporated | Dillon, Read & Co. Inc. | Donaldson, Lufkin & Jenrette
Securities Corporation | |
| Drexel Burnham & Co.
Incorporated | Hornblower & Weeks-Hemphill, Noyes
Incorporated | E. F. Hutton & Company Inc. | Kidder, Peabody & Co.
Incorporated | |
| Kuhn Loeb & Co.
Incorporated | Lehman Brothers
Incorporated | Loeb Rhoades & Co. Inc. | Reynolds Securities Inc. | Smith Barney, Harris Upham & Co.
Incorporated |
| Wertheim & Co., Inc. | Bear, Stearns & Co. | L. F. Rothschild, Unterberg, Towbin | Shearson Hayden Stone Inc. | Weeden & Co.
Incorporated |
| Alex. Brown & Sons | First of Michigan Corporation | Manley, Bennett, McDonald & Co. | Shields Model Roland Securities
Incorporated | |
| Thomson McKinnon Securities Inc. | ABD Securities Corporation | A. E. Ames & Co.
Incorporated | Robert W. Baird & Co.
Incorporated | |
| Basle Securities Corporation | Bateman Eichler, Hill Richards
Incorporated | William Blair & Company | Dain, Kaiman & Quail
Incorporated | |
| Daiwa Securities America Inc. | Dominion Securities Inc. | Eppler, Guerin & Turner, Inc. | EuroPartners Securities Corporation | |
| Faulkner, Dawkins & Sullivan, Inc. | Robert Fleming
Incorporated | Greenshields & Co Inc | Keefe, Bruyette & Woods, Inc. | Kleinwort, Benson
Incorporated |
| Ladenburg, Thalmann & Co. Inc. | McDonald & Company | McLeod, Young, Weir,
Incorporated | Moseley, Hallgarten & Estabrook Inc. | |
| New Court Securities Corporation | The Nikko Securities Co.
International, Inc. | Nomura Securities International, Inc. | Piper, Jaffray & Hopwood
Incorporated | |
| Wm. E. Pollock & Co., Inc. | Prescott, Ball & Turben | R. W. Pressprich & Co.
Incorporated | The Robinson-Humphrey Company, Inc. | |
| Rotan Mosie Inc. | SoGen-Swiss International Corporation | Stuart Brothers | Suez American Corporation | |
| Spencer Trask & Co.
Incorporated | Tucker, Anthony & R. L. Day, Inc. | UBS-DB Corporation | Ultrafin International Corporation | |
| Wood Gundy
Incorporated | Wood, Struthers & Wirthrop Inc. | Yamaichi International (America), Inc. | | |

Shell Berhad scrip

BY WONG SU LONG

KUALA LUMPUR

THE SHELL Refining Company Berhad has announced a bonus issue of one new share for every one existing Ordinary share, and a final dividend of 15 per cent, making a total dividend of 25 per cent for the year ending December 31, 1976 (20 per cent in previous years).

The company said the bonus issue, which will not rank for the final dividend, came partly from a revaluation on the company's lands and buildings, and partly from retained earnings.

The company made a record after-tax profit of 11.7m. ringits (\$2.78m.) last year in gain of 41m. ringits over foreign exchange, compared with a 3.4m. ringits in 1975. In 1974, the company made a profit of 10.5m. ringits.

Intake of crude oil stock for processing in 1976 averaged 1.5 million barrels daily, an increase of 31 per cent over 1975. The company said the bonus issue, which will not rank for the final dividend, came partly from a revaluation on the company's lands and buildings, and partly from retained earnings.

The company made a record after-tax profit of 11.7m. ringits

SELECTED EURODOLLAR BOND MID-DAY INDICATIONS

STRAIGHTS	1977	Offer	1977	Offer
Alexis 5 1/2% 1982	100	100	100	100
Australia 5 1/2% 1991	100	100	100	100
Banque Paribas 5 1/2% 1982	100	100	100	100
Can. Nat. 5 1/2% 1982	100	100	100	100
Com. Nat. 5 1/2% 1982	100	100	100	100
Credit Suisse 5 1/2% 1982	100	100	100	100
Dresdner 5 1/2% 1982	100	100	100	100
Edinburgh 5 1/2% 1982	100	100	100	100
EMU 5 1/2% 1982	100	100	100	100
Ernst & Young 5 1/2% 1982	100	100	100	100
Frankfurt 5 1/2% 1982	100	100	100	100
Genoa 5 1/2% 1982	100	100	100	100
Granger 5 1/2% 1982	100	100	100	100
Guaranty 5 1/2% 1982	100	100	100	100
ICI 5 1/2% 1982	100	100	100	100
ICI 5 1/2% 1987	100	100	100	100
ICI 5 1/2% 1992	100	100	100	100
ICI 5 1/2% 1997	100	100	100	100
ICI 5 1/2% 2002	100	100	100	100
ICI 5 1/2% 2007	100	100	100	100
ICI 5 1/2% 2012	100	100	100	100
ICI 5 1/2% 2017	100	100	100	100
ICI 5 1/2% 2022	100	100	100	100
ICI 5 1/2% 2027	100	100	100	100
ICI 5 1/2% 2032	100	100	100	100
ICI 5 1/2% 2037	100	100	100	100
ICI 5 1/2% 2042	100	100	100	100
ICI 5 1/2% 2047	100	100	100	100
ICI 5 1/2% 2052	100	100	100	100
ICI 5 1/2% 2057	100	100	100	100
ICI 5 1/2% 2062	100	100	100	100
ICI 5 1/2% 2067	100	100	100	100
ICI 5 1/2% 2072	100	100	100	100
ICI 5 1/2% 2077	100	100	100	100
ICI 5 1/2% 2082	100	100	100	100
ICI 5 1/2% 2087	100	100	100	100
ICI 5 1/2% 2092	100	100	100	100
ICI 5 1/2% 2097	100	100	100	100
ICI 5 1/2% 2102	100	100	100	100
ICI 5 1/2% 2107	100	100	100	100
ICI 5 1/2% 2112	100	100	100	100
ICI 5 1/2% 2117	100	100	100	100
ICI 5 1/2% 2122	100	100	100	100
ICI 5 1/2% 2127	100	100	100	100
ICI 5 1/2% 2132	100	100	100	100
ICI 5 1/2% 2137	100	100	100	100
ICI 5 1/2% 2142	100	100	100	100
ICI 5 1/2% 2147	100	100	100	100
ICI 5 1/2% 2152	100	100	100	100
ICI 5 1/2% 2157	100	100	100	100
ICI 5 1/2% 2162	100	100	100	100
ICI 5 1/2% 2167	100	100	100	100
ICI 5 1/2% 2172	100	100	100	100
ICI 5 1/2% 2177	100	100	100	100
ICI 5 1/2% 2182	100	100	100	100
ICI 5 1/2% 2187	100	100	100	100
ICI 5 1/2% 2192	100	100	100	100
ICI 5 1/2% 2197	100	100	100	100
ICI 5 1/2% 2202	100	100	100	100
ICI 5 1/2% 2207	100	100	100	100
ICI 5 1/2% 2212	100	100	100	100
ICI 5 1/2% 2217	100	100	100	100
ICI 5 1/2% 2222	100	100	100	100
ICI 5 1/2% 2227	100	100	100	100
ICI 5 1/2% 2232	100	100	100	100
ICI 5 1/2% 2237	100	100	100	100
ICI 5 1/2% 2242	100	100	100	100
ICI 5 1/2% 2247	100	100	100	100
ICI 5 1/2% 2252	100	100	100	100
ICI 5 1/2% 2257	100	100	100	100
ICI 5 1/2% 2262	100	100	100	100
ICI 5 1/2% 2267	100	100	100	100
ICI 5 1/2% 2272	100	100	100	100
ICI 5 1/2% 2277	100	100	100	100
ICI 5 1/2% 2282	100	100	100	100
ICI 5 1/2% 2287	100	100	100	100
ICI 5 1/2% 2292	100	100	100	100
ICI 5 1/2% 2297	100	100	100	100
ICI 5 1/2% 2302	100	100	100	100
ICI 5 1/2% 2307	100	100	100	100
ICI 5 1/2% 2312	100	100	100	100
ICI 5 1/2% 2317	100	100	100	100
ICI 5 1/2% 2322	100	100	100	100
ICI 5 1/2% 2327	100	100	100	100
ICI 5 1/2% 2332	100	100	100	100
ICI 5 1/2% 2337	100	100	100	100
ICI 5 1/2% 2342	100	100	100	100
ICI 5 1/2% 2347	100	100	100	100
ICI 5 1/2% 2352	100	100	100	100
ICI 5 1/2% 2357	100	100	100	100
ICI 5 1/2% 2362	100	100	100	100
ICI 5 1/2% 2367	100	100	100	100
ICI 5 1/2% 2372	100	100	100	100
ICI 5 1/2% 2377	100	100	100	100

مكتبة الامم المتحدة

L. 172bn. loss by Montedison

BY PAUL BETTS

MILAN, April 12. A week before its crucial general meeting, Montedison, the Milan-based chemical group, has suffered a 172-billion lire loss in the value of its shares. The loss, which is the largest in the history of the Italian stock market, is the result of a sharp decline in the price of the company's shares, which fell from about 1,200 lire to 100 lire in the last few days.

The loss is the result of a sharp decline in the price of the company's shares, which fell from about 1,200 lire to 100 lire in the last few days. The loss is the result of a sharp decline in the price of the company's shares, which fell from about 1,200 lire to 100 lire in the last few days.

The loss is the result of a sharp decline in the price of the company's shares, which fell from about 1,200 lire to 100 lire in the last few days. The loss is the result of a sharp decline in the price of the company's shares, which fell from about 1,200 lire to 100 lire in the last few days.

Du Pont sees poor quarter

BY STEWART FLEMING IN NEW YORK

DU PONT, the largest U.S. chemical company, is expecting a 14 per cent drop in first quarter profits. Mr. Irving S. Shapiro, the company chairman, said the annual meeting yesterday.

Mr. Shapiro attributed the decline to the severe winter weather and the absence of any significant earnings from the company's fibres business. But he added that the fibres operation, which was badly depressed throughout last year, has experienced a clear upturn in demand in the first quarter which has resulted in a nominal profit.

Mr. Shapiro estimated that first quarter earnings would be about \$2.40 a share compared with \$2.80 a share in the same period of 1976. He noted that the physical volume of sales ran about 5 per cent ahead of the 1976 period.

He suggested also that the company expects to have a good year although much depends on the performance of its fibres division. Demand is strong and he expects the company to be successful in raising domestic fibres prices he said.

GE pulls out of Claude takeover

BY ROBERT MAUTHNER

PARIS, April 12. THE BIG left-wing gains made in last month's French municipal elections are already beginning to affect the investment plans of foreign, and particularly U.S. companies in France.

The U.S. giant, General Electric, which intended to take a 90 per cent stake in Claude S.A., a French company which has 20 per cent share of the domestic electric bulb market, has dropped its plans, it was learned here today.

News of the General Electric's withdrawal came from the Compagnie Generale des Constructions Telephoniques (CGT), a wholly owned subsidiary of ITT France, which itself has a 55 per cent controlling stake in Claude.

A CGT spokesman confirmed that his company had been informed by General Electric that it was backing out of the deal following the results of the municipal elections.

General Electric has clearly been intimidated by the nationalisation programme of the Socialist-Communist alliance which, following the municipal elections, now stands a real chance of being applied.

GE earnings rise 25%

GENERAL ELECTRIC, the world's largest producer of industrial and consumer electrical equipment, this morning reported that its first quarter 1977 net earnings were up 25 per cent on a 17 per cent rise in sales.

The company warned, however, that this rate of earnings growth would not be maintained over the full year, writes Jay Palmer from New York.

Sales during the three months that ended two weeks ago were \$4.06bn, which generated net profits of \$215.4m, or 5.3 cents a share. The comparable figures for the same period in 1976, adjusted to include the acquisition of Utah International last December, were \$3.88bn, sales and \$172.5m net earnings.

Upturn at Bancal

BANCAL TRI-STATE, Corporation, parent company of the Bank of California, which was the target company for a takeover bid by Standard Chartered Bank earlier this year, has reported a sharp improvement in earnings for the first quarter of 1977, reports our New York correspondent.

The company said today that its first quarter income before security transactions and an extraordinary item was \$1.3m, or 37 cents, a share compared with \$280,000, or 8 cents a share, for the same period of 1976.

The company said that the earnings improvements came from both banking and non banking activities. The Bancal chairman Mr. Chauncey Schmidt said that the improvement stemmed from increases in deposits and a rise of 9 per cent in net interest revenue.

He said that increased income was also derived from higher trust fees, bond trading and an improved loan portfolio.

Further setback at Int. Paper

INTERNATIONAL PAPER, the world's largest paper maker, accounting, according to brokers estimates, for 10 per cent of the industry's capacity, today reported first quarter earnings dropped to \$48.6m, or \$1.04 a share, compared with the year's first quarter last year of \$63.8m, or \$1.43 a share.

This following a decline in the fourth quarter of 1976 which showed a 36 per cent drop to \$48m, or \$1.02 a share, and touched off a selling wave that clipped the Dow Jones industrial average.

BHF beats the banking trend

BY GUY HAWTIN

FRANKFURT, April 12. INTEREST MARGINS came under severe pressure in West Germany last year and the country's commercial banks were able to report much of an increase in interest earnings. Profits as a consequence, stagnated or declined.

One of the commercial banks actually to report an increase in interest earnings was the Berliner Handelsbank, Frankfurt. Bank. Despite margins ranging between "something over 2 per cent and just under 2 per cent", interest surplus went up by 6 per cent to DM10.8m.

The bank, which is paying an unchanged 20 per cent dividend for 1976, also produced estimates of the cost of rescuing the troubled Neckermann store and Europe's largest retailer agreed mail order group.

KRAUSS-MAFFEI AG said it is holding talks with Deutsche Babcock AG which could lead to Babcock taking a 51 per cent stake in Krauss's already owned plant manufacturing subsidiary Imperial - Krauss - Maffei Industriemaschinen, reports Reuter from Munich.

A spokesman for Krauss-Maffei said he could not give further details as the deal is still in the negotiation stage and may have to be ruled on by the Federal Cartel Office in Berlin.

OTTO VERSAND of Hamburg, Europe's second largest mail order house has reported a large increase in turnover for the 1976-77 business year. Sales rose by an apparent 27.9 per cent from DM2.12bn. to DM2.71bn. (\$861m), reports our Frankfurt correspondent.

The mail order house, which like many in the field ended its business year on February 28 in order to include Christmas trade in the figures, saw turnover jump largely as a result of the acquisition of the Schwab and Heine companies.

Sharp rise in profit at Thomson-CSF

THOMSON-CSF, the large French electronics and telecommunications group made a sharply increased net profit of Fr5.3m. (\$9.5m) in 1976, compared with Fr5.6m. (\$11.2m) in 1975, after Fr5.184m depreciation and provisions for investments of Fr5.7m.

In view of the improved results, the group will propose to the shareholders meeting in June a net dividend of Fr5.60 per share compared with Fr5.60 last year, which, including the "avoir fiscal" tax bonus, will bring the total dividend per share up to Fr5.10.

The group's consolidated sales totalled Fr8.8bn. before tax, or Fr7.8bn. after tax in 1976, compared with Fr5.7bn. and Fr5.3bn. respectively in 1975. This figure includes the operations of Le Matériel Telephonique (LMT), the former ITT telecommunications subsidiary, in which Thomson took a controlling interest last year, and whose sales amounted to Fr1.7bn.

Foreign sales amounted to as much as 43 per cent of the total. Orders booked in 1976 totalled nearly Fr13bn., of which 70 per cent for export markets, compared with Fr10bn. in 1975.

Parent company sales amounted to Fr5.2bn after tax, compared with Fr4.1bn in 1975. A year-on-year rise of 26 per cent, but these figures included the turnover of Thomson-CSF Visualisation et Traitement des Informations, the data processing subsidiary taken over in December last year.

Operating profits, after Fr5.7m. depreciation and provisions, amounted to Fr5.5m. (\$11.0m) in 1976, compared with Fr5.6m. (\$11.2m) in 1975.

Telemecanique lifts dividend

TELEMECANIQUE ELECTRIQUE, the important French electrical and electronic components company has announced consolidated net profits of Fr5.42m. (about \$11m) for 1976, nearly double the previous year's earnings of Fr2.8m. but slightly less than 1974's Fr4.9m.

As a result of the company's greatly improved financial situation its total dividend, too, has been doubled, from Fr10.50 per share in 1975 to Fr21.75 in 1976, including a Fr5.25 "avoir fiscal" tax bonus.

Operating profits, after Fr5.7m. depreciation and provisions, amounted to Fr5.5m. (\$11.0m) in 1976, compared with Fr5.6m. (\$11.2m) in 1975.

Australian gas proposal

BY KENNETH RANDALL

CANBERRA, April 12. THE STATE Government of South Australia is attempting to form a consortium, including itself, to buy out the 19 per cent interest in the Cooper Basin gas field currently held by the Federal Government and Bridge Oil.

Bridge is proposed as a member of the consortium, along with the State Government, Pipeline Authority of South Australia (PASA) and South Australia Gas Co., the major utility of its type in the State.

The State Minister for Mines, Mr. Peter Hudson, said today that he would be approaching other, smaller equity holders in the Cooper Basin field to see whether they were interested in selling out to the consortium or joining it.

THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of March 31st 1977 U.S. \$9.52

Latest Luxembourg Bank

AGENTS: RANOCOR, G.P. & Co. S.A. (Luxembourg), Investment Bankers, Manila, Philippines.

Record profits for Air India

NEW DELHI, April 12. AIR INDIA, the Government-owned international airline, has reported a record net profit of about \$100m in the first quarter of the year ended March 31. The total operating revenue for 1976-77 was \$2,750m, a 30 per cent increase over the previous year. The total operating expenses were \$1,750m, a 20 per cent increase over the previous year. The net profit was \$1,000m, a 50 per cent increase over the previous year.

The airline's performance was attributed to a 60 per cent increase in passenger traffic, a 50 per cent increase in cargo traffic, and a 20 per cent increase in mail traffic. The airline's operating expenses were also reduced by 20 per cent due to a 10 per cent increase in fuel efficiency and a 10 per cent increase in aircraft utilization.

AP expects recovery

LISBON, April 12. PORTUGAL'S NATIONAL AP suffered a loss of 4.1m escudos (about \$8,200) in the first quarter of the year ended March 31. The loss was due to a 10 per cent increase in operating expenses and a 5 per cent decrease in revenue. The company's operating expenses were 4.1m escudos higher than in the same period of 1976, while its revenue was 5 per cent lower.

The company's management expects a recovery in the second quarter of the year. It is expected that revenue will increase by 10 per cent and operating expenses will decrease by 5 per cent, resulting in a net profit of 1.5m escudos.

COMPAGNIE BANCAIRE

Societe Anonyme

Incorporated in France with limited liability. Regd. Office: 25 avenue Kleber, 75116 Paris.

NOTICE OF ANNUAL GENERAL MEETING

Shareholders of Compagnie Bancaire are informed that the annual general meeting will be held at 3 p.m. Wednesday 4th May, 1977 at the Company's registered office, 25, avenue Kleber, Paris 15ème, in order to consider the following agenda:

- The Report of the Board of Management.
- The Report of the Supervisory Board.
- The general report of the Commissaires aux Comptes.
- The special report of the Commissaires aux Comptes relating to agreements contemplated by article 143 of the Law of 24th July, 1966.
- The examination and approval of the Balance Sheet and Accounts for the financial year 1976.
- The appropriation of profits and the fixing of the dividend for the financial year 1976.
- Ratification of a new member co-opted on the Supervisory Board.
- Renewal of the mandates of two members of the Supervisory Board.
- Nomination of a new member to the Supervisory Board.
- Authorization to the Board of Management to issue bonds either in francs or in foreign currency, up to an aggregate total of one thousand five hundred million francs.
- Any other business.

Holders of registered shares will be admitted to the Meeting, having supplied proof of identity, provided that their names have been entered on the Company's transfer register at least five clear days before the date of the Meeting.

Holders of bearer shares must, at least five clear days before the date of the Meeting, deposit at the Company's Registered Office either their shares or a certificate of deposit issued by the bank financial establishment or stockbroker with whom they have been deposited.

Shareholders who wish to attend the Meeting are asked to present an admission card beforehand from the Company.

Shareholders may appoint proxies to attend and vote on their behalf. A proxy must be the shareholder's spouse or another shareholder. If a proxy form is returned duly signed but without an appointment of an individual as the proxy, it will be placed at the disposal of the Commissaire du Gouvernement to be voted at its discretion in order to vote against a resolution if it is necessary to do so. The Meeting in person or to appoint a proxy, who votes in favour of the resolution.

Activity in dollar sector

BY MARY CAMPBELL

THE U.S. dollar sector was active yesterday with prices for anything readily available in the market. In the first time dealing in the alphabetical order, Amsterdam Rotterdam, Banque 84 per cent coupon.

Bruxelles Lambert, Banca Commerciale Italiana, Bank of Tokyo, Credit Lyonnais, Credit Suisse White Field, Drescherbank, Drescherbank, Robert Fleming, Industrial Bank of Japan, Kreditbank Luxembourg, Nikko Securities, Societe Generale and Swiss Bank Corp. in Germany, New Zealand has launched its DM20m issue. Maturity is seven years and indicated coupon 84 per cent, the same terms as Sweden offered on the DM350m issue it priced last week at 100.

Blue Circle SA is to pay 220 cents per share in cash for the 35 per cent of Hubert Davies it does not own, entailing an outlay of \$7.7m, and taking the shares out at an 80 cent premium over the last price before the deal was announced (140 cents). The exit price/earnings ratio is 4.3 times and the yield 6.3 per cent on last year's 14 cent payment. Fears that the existence of a controlling shareholding would provide the pretext for forcing through terms prejudicial to the minority have therefore proved groundless.

Hubert Davies has a good growth record based on its engineering interests and particularly on its steel business. The fast growing coal mining sector is also a substantial export for profits improvement.

Blue Circle SA completes H. Davies purchase

BY RICHARD ROLFE

JOHANNESBURG, April 12. BLUE CIRCLE South Africa business, which last year included orders for mine locomotives from Bolivia, and defence contracts, has completed the purchase of its partly owned subsidiary Hubert Davies on terms which appear remarkably generous in comparison with most of the earlier grudging bids seen recently in Johannesburg.

Blue Circle SA is to pay 220 cents per share in cash for the 35 per cent of Hubert Davies it does not own, entailing an outlay of \$7.7m, and taking the shares out at an 80 cent premium over the last price before the deal was announced (140 cents). The exit price/earnings ratio is 4.3 times and the yield 6.3 per cent on last year's 14 cent payment. Fears that the existence of a controlling shareholding would provide the pretext for forcing through terms prejudicial to the minority have therefore proved groundless.

Hubert Davies has a good growth record based on its engineering interests and particularly on its steel business. The fast growing coal mining sector is also a substantial export for profits improvement.

This announcement appears as a matter of record only.

April 12, 1977

\$10,000,000

Autoridad Portuaria de Guayaquil

(Guayaquil Port Authority)

Eight-Year Loan

Guaranteed by the Republic of Ecuador

Managed by **Smith Barney, Harris Upham & Co.** Provided by **BNS International (Panama) S.A.**

In association with **International Bank for Reconstruction and Development**

WALL STREET OVERSTAS MARKET'S + FOREIGN EXCHANGES Dollar weaker

BY OUR WALL STREET CORRESPONDENT

FURTHER SHARP gains were scored on Wall Street today, attributed to better than expected first quarter earnings reports by leading industrial corporations.

By mid-day, the Dow Jones Industrial Average was up a further 9.67 to 933.77, and the NYSE All Common Index was 43 cents higher at 84.21, while rise

discouraged losses by a four-fifths majority. Trading volume 10.53m. shares.

But analysts cautioned there are still some uncertainties hanging over the stock market, such as the recent passage of inflation and the fate in Congress of President Carter's Stimulus Plan.

The White House said yesterday it will present its Anti-inflation Program this Friday.

General Electric moved up \$1 1/8 to \$50 1/2—its first quarter sales and earnings were up "sharply" from a year ago.

Du Pont added another \$ 1/4 to \$127 on its better than expected first quarter earnings estimate.

General Motors rose \$ 1/2 to \$53 1/2, its first quarter earnings and development work on the rotary engine.

Xerox put up \$ 1/4 to \$48 1/4 and **Schlumberger** \$ 1/2 to \$62 1/2.

Goodrich advanced \$ 1/2 to \$32 1/2 and **Kennecott** \$ 1/4 to \$31 1/4.

International Paper was up \$ 1/4 to \$32 1/2.

Implementation of Capital Gains Tax for shares and bonds.

Motors were hesitant, while **Chemicals** and **Portfolio-Investments** were steady.

Radiotelephone were firm on a 1-for-10 scrip issue.

In Foreign issues, American, German and Dutch stocks advanced, Canadians were little changed, International Oils advanced, Coppers were irregular, while Golds weakened.

ERUSSA were lower in quiet trading.

In Foreign stocks, U.K. issues were mainly little changed, German, Dutch and U.S. shares rose, but French stocks fell.

AMSTERDAM—Generally firm, Hoogovens rose \$1.90 to \$9.7, despite announcing a further six-week period of short time working. Other Dutch Internationals also firm.

Banking and Insurance rose. Most Trades and Industrials firmed, although **Broeders** shed \$1.12 to \$2.5 and **Bjerkhof** lost \$1.2 to \$2.2.

Transports were mixed, **Van Ommen** advanced \$1.82 to \$14.4, **RSV** rose \$1.20 to \$12 after announcing it is seeking Dutch State aid.

State Loans continued to firm. **GERMAN** Markets, generally, continued firm.

In stronger Engineering, Linde gained DM3.50 to DM20.8, and **Demag** DM3.50 to DM14.5. In heavy Electricals, **ABB** rose from DM1.80 to DM2.05, and **Siemens** DM1.20 to DM2.75.

Banking was quiet.

Foreign stocks closed broadly higher.

MILAN—Mixed in thin dealings, with operators holding back pending new political developments.

Generale Immobiliare were firm, although it is still looking for a solution to its financial problems.

Bonds were quiet.

COBLENZ—Mixed trend. **Banking** slightly, **Insurance** and **Commodities** were mixed. **Shipings** eased, while **Industrials** were mixed to slightly higher.

OSLO—Bankings and **Industrials** were mixed to slightly higher, as were **Industrials** and **Shipings**.

NEW YORK, April 12.

SPAIN—Most sectors depressed in a weak market, with Seat heavily offered at 91. But there was some light buying of **Utilities**.

JOHANNESBURG Gold shares were basically firmer in quiet dealings.

Financial Minings were mixed. Coppers were occasionally lower, with **Palmint** 5 cents lower. **Platinum** also lost ground but **Manager** issues were slightly higher.

HONG KONG—Little changed in a fairly low turnover, with lack of buying interest countering initial firmness. Investors are generally hesitant ahead of President Carter's Anti-inflation Plan due to be detailed on Friday.

Hutchison lost 10 cents to \$HK3.275 ahead of its final results due Thursday. **Swire Pacific** also lost 10 cents to \$HK3.25.

Japan—**Daicang** to \$12.75. **Hong Kong Land** rose 5 cents to \$HK7.50.

TOKYO—Prices rose sharply on the government decision to start studying the building five new express-railway lines.

Volume 180m. shares.

Sentiment was also aided by an anticipated decline in the out-put of **Iron** and **Steel**.

Constructions and other shares related to Government spending plans firmed.

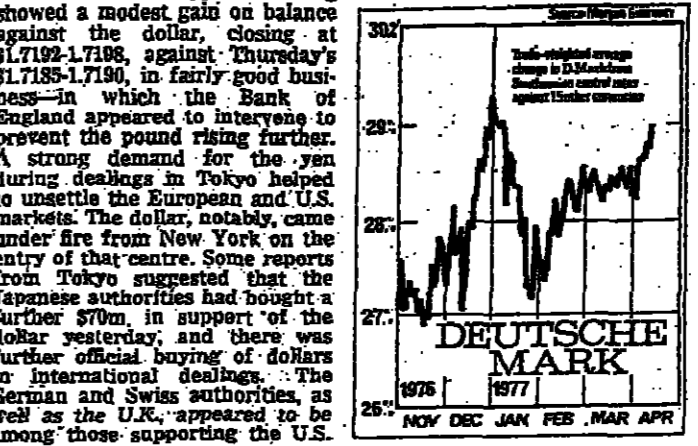
Electricals and **Automobiles** were mixed to slightly higher, while **Industrials** were mixed to slightly higher.

OSLO—Bankings and **Industrials** were mixed to slightly higher, as were **Industrials** and **Shipings**.

The U.S. dollar came under pressure against a number of major European currencies and the Japanese yen in the foreign exchange market yesterday, and received official support. Sterling showed a modest gain on balance against the dollar, closing at \$1.7192-1.7198, against Thursday's \$1.7185-1.7190, in fairly good business in which the Bank of England appeared to intervene to prevent the pound rising further.

A strong demand for the yen drove its value in Tokyo higher to \$1.5570, to unsettle the European and U.S. markets. The dollar, notably, came under fire from New York on the entry of that centre. Some reports from Tokyo suggested that the Japanese authorities had bought further \$70m, in support of the dollar yesterday, and there was further official buying of dollars in international dealings.

The German and Swiss authorities, as well as the U.K., appeared to be among those supporting the U.S. unit.



The yen closed in London at 172.47 to the dollar, against 172.75 in Tokyo, and 172.40 in London on Thursday. The yen's trade-weighted rise since the Washington Currency agreement, as calculated by Morgan Guaranty, has widened to 17.79 per cent, 14.15 per cent, from Monday's 14.01 per cent, and the German mark to 28.99 per cent, from 28.76 per cent.

The Bank of England index for sterling fell to 61.5, from 61.5, values are for contracts against the spot rate calculated by the International Monetary Fund in Washington.

GOLD MARKET

Gold Bullion (a fine ounce)	\$149 1/2-150 1/2
Gold Bars (a fine ounce)	\$149 1/2-150 1/2
Open Market	\$149 1/2-150 1/2
London	\$149 1/2-150 1/2
Frankfurt	\$149 1/2-150 1/2
Geneva	\$149 1/2-150 1/2
Zurich	\$149 1/2-150 1/2

FOREIGN EXCHANGES

Date	Rate	Day's Change
April 12		
New York	84 1/2-85 1/2	+0.05
London	172 1/2-173 1/2	+0.05
Frankfurt	2.7185-2.7190	+0.0005
Geneva	2.7185-2.7190	+0.0005
Zurich	2.7185-2.7190	+0.0005
Paris	4.4825-4.4835	+0.0010
Berlin	4.4825-4.4835	+0.0010
Amsterdam	166.00-166.05	+0.05
Brussels	166.00-166.05	+0.05
Stockholm	11.10-11.15	+0.05
Copenhagen	11.10-11.15	+0.05
Oslo	11.10-11.15	+0.05
Stockholm	11.10-11.15	+0.05
Copenhagen	11.10-11.15	+0.05
Oslo	11.10-11.15	+0.05

Rates given are for 100 francs. Financial times

SPECIAL DRAWING RIGHTS RATES

Country	Rate
U.S.	1.6917
U.K.	4.8240
France	2.7658
Germany	5.7594
Italy	102.73
Japan	517.053
Switzerland	2.5807
Spain	2.9588

EXCHANGE CROSS-RATES

From	To	Rate
New York	London	166.00
London	New York	0.6024
London	Paris	166.00
Paris	London	0.6024

EURO-CURRENCY INTEREST RATES

Term	Rate
3 months	4 1/2%
6 months	4 3/4%
9 months	4 3/4%
12 months	4 3/4%

FORWARD RATES

Term	Rate
1 month	1.00
3 months	1.05
6 months	1.10
12 months	1.15

Indices

NEW YORK - DOW JONES

Date	High	Low	Change
Apr 11	934.10	918.54	+15.56
Apr 10	918.54	902.98	+15.56
Apr 9	902.98	887.42	+15.56
Apr 8	887.42	871.86	+15.56
Apr 7	871.86	856.30	+15.56
Apr 6	856.30	840.74	+15.56
Apr 5	840.74	825.18	+15.56
Apr 4	825.18	809.62	+15.56
Apr 3	809.62	794.06	+15.56
Apr 2	794.06	778.50	+15.56
Apr 1	778.50	762.94	+15.56
Mar 31	762.94	747.38	+15.56

STANDARD AND POORS

Date	High	Low	Change
Apr 12	108.98	107.27	+1.71
Apr 11	107.27	105.56	+1.71
Apr 10	105.56	103.85	+1.71
Apr 9	103.85	102.14	+1.71
Apr 8	102.14	100.43	+1.71
Apr 7	100.43	98.72	+1.71
Apr 6	98.72	97.01	+1.71
Apr 5	97.01	95.30	+1.71
Apr 4	95.30	93.59	+1.71
Apr 3	93.59	91.88	+1.71
Apr 2	91.88	90.17	+1.71
Apr 1	90.17	88.46	+1.71

OVERSEAS SHARE INFORMATION

Stock	Apr 11	Apr 12	Change
Abbott Labs	43 1/2	44 1/4	+0.50
Admiral	15 1/2	15 3/4	+0.25
Air Products	25 1/2	25 5/8	+0.25
Airco	35 1/2	35 3/4	+0.25
Alcoa	60 1/2	60 3/4	+0.25
Allegany Corp	35 1/2	35 3/4	+0.25
Aluminum	21 1/2	21 3/4	+0.25
Allied Chemical	45 1/2	45 3/4	+0.25
Allied Steel	31 1/2	31 3/4	+0.25
Altria	15 1/2	15 3/4	+0.25
Ames	49 1/2	49 3/4	+0.25
American Hess	32 1/2	32 3/4	+0.25
American Airlines	10 1/2	10 3/4	+0.25
American Brands	42 1/2	42 3/4	+0.25
American Broad	43 1/2	43 3/4	+0.25
American Can	30 1/2	30 3/4	+0.25
American Elec	24 1/2	24 3/4	+0.25
American Express	30 1/2	30 3/4	+0.25
American Home	12 1/2	12 3/4	+0.25
American Int'l	47 1/2	47 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25
American Int'l	12 1/2	12 3/4	+0.25

MONTECARLO

Date	High	Low	Change
Apr 12	178.18	178.50	+0.32
Apr 11	178.18	178.50	+0.32
Apr 10	178.18	178.50	+0.32
Apr 9	178.18	178.50	+0.32
Apr 8	178.18	178.50	+0.32
Apr 7	178.18	178.50	+0.32
Apr 6	178.18	178.50	+0.32
Apr 5	178.18	178.50	+0.32
Apr 4	178.18	178.50	+0.32
Apr 3	178.18	178.50	+0.32
Apr 2	178.18	178.50	+0.32
Apr 1	178.18	178.50	+0.32

TORONTO

Date	High	Low	Change
Apr 12	102.5	102.5	+0.00
Apr 11	102.5	102.5	+0.00
Apr 10	102.5	102.5	+0.00
Apr 9	102.5	102.5	+0.00
Apr 8	102.5	102.5	+0.00
Apr 7	102.5	102.5	+0.00
Apr 6	102.5	102.5	+0.00
Apr 5	102.5	102.5	+0.00
Apr 4	102.5	102.5	+0.00
Apr 3	102.5	102.5	+0.00
Apr 2	102.5	102.5	+0.00
Apr 1	102.5	102.5	+0.00

JOHANNESBURG

Date	High	Low	Change
Apr 12	182.8	182.8	+0.00
Apr 11	182.8	182.8	+0.00
Apr 10	182.8	182.8	+0.00
Apr 9	182.8	182.8	+0.00
Apr 8	182.8	182.8	+0.00
Apr 7	182.8	182.8	+0.00
Apr 6	182.8	182.8	+0.00
Apr 5	182.8	182.8	+0.00
Apr 4	182.8	182.8	+0.00
Apr 3	182.8	182.8	+0.00
Apr 2	182.8	182.8	+0.00
Apr 1	182.8	182.8	+0.00

AMSTERDAM

Date	High	Low	Change
Apr 12	166.00	166.00	+0.00
Apr 11	166.00	166.00	+0.00
Apr 10	166.00	166.00	+0.00
Apr 9	166.00	166.00	+0.00
Apr 8	166.00	166.00	+0.00
Apr 7	166.00	166.00	+0.00
Apr 6	166.00	166.00	+0.00
Apr 5	166.00	166.00	+0.00
Apr 4	166.00	166.00	+0.00
Apr 3	166.00	166.00	+0.00
Apr 2	166.00	166.00	+0.00
Apr 1	166.00	166.00	+0.00

BRUSSELS

Date	High	Low	Change
Apr 12	166.00	166.00	+0.00
Apr 11	166.00	166.00	+0.00
Apr 10	166.00	166.00	+0.00
Apr 9	166.00	166.00	+0.00
Apr 8	166.00	166.00	+0.00
Apr 7	166.00	166.00	+0.00
Apr 6	166.00	166.00	+0.00
Apr 5	166.00	166.00	+0.00
Apr 4	166.00	166.00	+0.00
Apr 3	166.00	166.00	+0.00
Apr 2	166.00	166.00	+0.00
Apr 1	166.00	166.00	+0.00

PARIS

Date	High	Low	Change
Apr 12	4.4825	4.4825	+0.00
Apr 11	4.4825	4.4825	+0.00
Apr 10	4.4825	4.4825	+0.00
Apr 9	4.4825	4.4825	+0.00
Apr 8	4.4825	4.4825	+0.00
Apr 7	4.4825	4.4825	+0.00
Apr 6	4.4825	4.4825	+0.00
Apr 5	4.4825	4.4825	+0.00
Apr 4	4.4825	4.4825	+0.00
Apr 3	4.4825	4.4825	+0.00
Apr 2	4.4825	4.4825	+0.00
Apr 1	4.4825	4.4825	+0.00

STOCKHOLM

Date	High	Low	Change
Apr 12	11.10	11.10	+0.00
Apr 11	11.10	11.10	+0.00
Apr 10	11.10	11.10	+0.00
Apr 9	11.10	11.10	+0.00
Apr 8	11.10	11.10	+0.00
Apr 7	11.10	11.10	+0.00
Apr 6	11.10	11.10	+0.00
Apr 5	11.10	11.10	+0.00
Apr 4	11.10	11.10	+0.00
Apr 3	11.10	11.10	+0.00
Apr 2	11.10	11.10	+0.00
Apr 1	11.10	11.10	+0.00

COPENHAGEN

Date	High	Low	Change
Apr 12	11.10	11.10	+0.00
Apr 11	11.10	11.10	+0.00
Apr 10	11.10	11.10	+0.00
Apr 9	11.10	11.10	+0.00
Apr 8	11.10	11.10	+0.00
Apr 7	11.10	11.10	+0.00
Apr 6	11.10	11.10	+0.00
Apr 5	11.10	11.10	+0.00
Apr 4	11.10	11.10	+0.00
Apr 3	11.10	11.10	+0.00
Apr 2	11.10	11.10	+0.00
Apr 1	11.10	11.10	+0.00

OSLO

Date	High	Low	Change
Apr 12	11.10	11.10	+0.00
Apr 11	11.10	11.10	+0.00
Apr 10	11.10	11.10	+0.00
Apr 9	11.10	11.10	+0.00
Apr 8	11.10	11.10	+0.00
Apr 7	11.10	11.10	+0.00
Apr 6	11.10	11.10	+0.00
Apr 5	11.10	11.10	+0.00
Apr 4	11.10	11.10	+0.00
Apr 3	11.10	11.10	+0.

ARMING AND RAW MATERIALS

BP moves into straw processing

BP NUTRITION (U.K.) has reached agreement in principle with the partners of Broughton Enterprises to purchase a controlling interest in the Broughton...

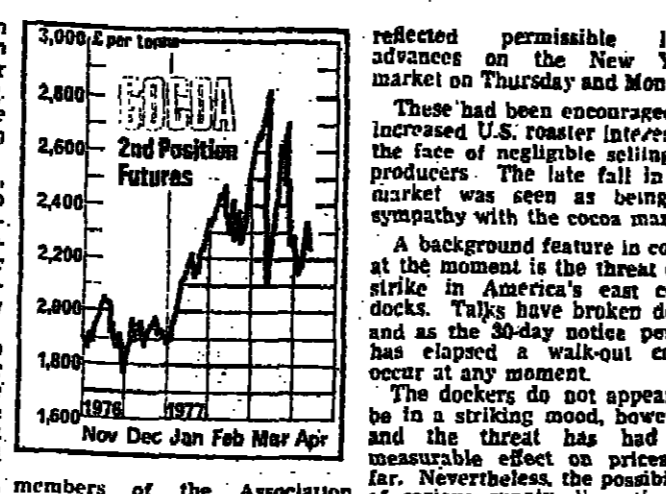
India continues to fight for cash subsidy

Mr. Y. S. Jaiswal, Secretary to the Government of India, said that the Government is committed to the subsidy scheme...

Cocoa prices collapse after early gains

BY RICHARD MOONEY

COCOA PRICES collapsed in late dealings on the London Market yesterday after rising sharply at the opening...



members of the Association holding over 100 lots since March 9 will be reduced to 27,500 tons next Monday...

Soya markets continue to soar

BY JOHN EDWARDS, COMMODITIES EDITOR

SOYABEAN MEAL FUTURES soared sharply on the London market again yesterday catching up with the price rises in Chicago over the holiday period...

Leslie thinks the maize acreage could dip to 81m, acres against 84.3m acres last year and soyabean rise to 55m...

Copper stocks fall halted

By Our Commodities Editor

THE FIRST rise in copper stocks held in London Metal Exchange warehouses, after five successive weekly declines...

The move also represented the first time since the early 1960s that the company had to lower its published price for electrolytic nickel...

NICKEL SUPPLIES Battle for market supremacy

BY DONALD NORDBERG IN NEW YORK

THE BATTLE among nickel producers for market shares has not yet again in the past two weeks with an apparent attempt by International Nickel of Canada to reassert its leadership...

As late as 1968, Inco came out with more than 60 per cent of nickel sales in the U.S. and other technical problems. According to some estimates the world price for nickel would need to be about 10 to 12 per cent higher for either company to break even...

Minister warns of herring shortage

HERRING COULD become a "luxury" in the next few years unless conservation measures were more successful...

Problems over India's tea export duty

CALCUTTA, April 12.

India's imposition of an export duty on tea has caused some uncertainty for exporters, especially those who have concluded contracts with foreign buyers before the duty announcement...

Commerce Ministry officials have clarified that the imposition of Rs.5 a kilogram export duty and the withdrawal of excise rebate on tea exports...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Metal, Price, and Change. Includes entries for Gold, Silver, and various base metals.

Table with columns for Commodity, Price, and Change. Includes entries for Wheat, Corn, Soybeans, and other grains.

Table with columns for Commodity, Price, and Change. Includes entries for Rubber, Wool, and other commodities.

Table with columns for Commodity, Price, and Change. Includes entries for various oils, beans, and other commodities.

Advertisement for Obert Howes and Associates Pty. Ltd., Australia's leading commodity broker and bullion dealer. Offices in Sydney, Melbourne, Brisbane, Adelaide, Perth and Darwin.

Table with columns for Commodity, Price, and Change. Includes entries for various metals and commodities.

Table with columns for Commodity, Price, and Change. Includes entries for various metals and commodities.

Table with columns for Commodity, Price, and Change. Includes entries for various metals and commodities.

Advertisement for Ulrich 2-Holiday Inn Hotels, Switzerland's largest town. Features high-level gastronomy and flexible conference facilities.

Table with columns for Commodity, Price, and Change. Includes entries for various metals and commodities.

Table with columns for Commodity, Price, and Change. Includes entries for various metals and commodities.

Advertisement for Holiday Inn Mövenpick, featuring international hotels and dining options.

STOCK EXCHANGE REPORT

Profit-taking and lack of support undermine Gilts Equities quietly firm in thin trade—Index up 4.9 at 407.9

Account Dealing Dates
First Declares Last Account Dealings
Mar. 28 Apr. 6 Apr. 7 Apr. 20 Apr. 12 Apr. 21 Apr. 22 May 3 Apr. 25 May 5 May 16

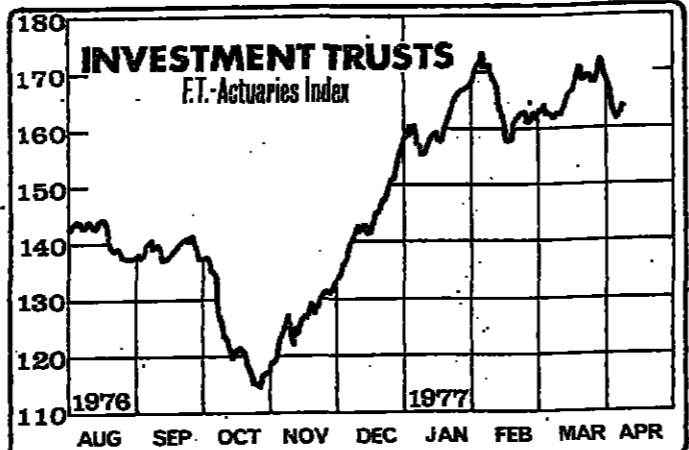
entirely ruled out. Nevertheless, further occasional sales from holders still with profits found trading conditions after the holiday rather thin and quotations drifted lower consistently. The lower maturities were affected most and several high-coupon issues closed at the day's lowest with losses extending to a full point. Shorter issues were some- times a shade above the worst and rarely more than 1/2 lower; excepted from the trend were provided by the two stocks now quoted clean, Treasury 3 per cent. 1977, at 97 1/2 and Electric 3 1/2 per cent. 1976-79, at 91 1/2, both of which were up about 1/2. Corporations followed a pattern similar to that of the main funds and the recently-issued GLC 13 1/2 per cent. 1984, at 133 in E10-paid form, among those to lose a half-point.

where, the Engineering majors made modest progress in thin trading. Hawker hardened 5 to 588 and Tickers were 2 dearer at 378 1/2. Firm secondary issues were featured by Taylor-Pallister, 5 higher at 50p following the results, and Babcock and Wilcox, 3 up at 84p on Press predictions of bumper profits when the company reports its annual figures today. Sansonnes, 2 1/2 higher and Jefferies put on a similar amount to 120p, while gains of 4 were recorded in Pegler-Hatterley, 15 1/2, Henry Sykes, 60p, and the production of "Jesus of Nazareth" April 28, added a like amount at 75p and, in front of their respective interim and preliminary announcements to-day, Advest

lively lively trade in the leaders and British Petroleum rose steadily to close 20p higher at 520p helped by Wall Street influences. Shell advanced 6 to 488 and Bunnah 4 to 65p, while overseas and dollar premium factors continued to aid Royal Dutch which moved up 1 1/2 to 545 1/2. Ultra-mar were favoured at 156p, up 10p, and a little late support left Altopak 4 dearer at 105p. Tricentrol firmed a similar amount to 199p; the preliminary figures for the new year were 199p, but the OIL EX-uration gained 3 to 97p and Berry Wiggins 2 to 39p.

Despite termination of the bid talks with an undisclosed concern, A. Gallenkamp attracted revived speculation on hopes that another offer may yet materialise and rose to 380p before easing a little to 375p. British International was 2 dearer at 19p, mirroring news of the sale of the company's Chelsea Hotel, Sloane Street, for £6m. to Rangate Ltd.

Interest in the Property sector remained at a low ebb. MEPC closed a shade lower at 80p despite Press comment about "the possibility of an imminent offer for its Canadian offshoot. Other leaders to ease a penny or so included Land Securities, 16 1/2, and Stock Conversion, 175p. Elsewhere revived speculative demand prompted a gain of 8 to 75p in Property Investment and Finance, but after 200p, down 5p. Pascey held at 45p up 1/2, following news that the Board of the company had asked Sir Eric Miller to resign as a director, while Bridge-wood Estates closed unaltered at 175p. The following rejection of the bid from Rothchild Investment Trust accompanying a property revaluation.



encountered further support ahead of the results, due shortly, and put on 3 more to 153p. Thoro Finance, at 73p, a quietly favourable weekend Press mention. Decca advanced 3 to 285p and the A shares were similarly better at 255p. Press comment in Guinness, 2 1/2 higher, preliminary figures stimulated fresh interest in Bowthorpe, which gained 3 more to 51p.

ENTERTAINMENT GUIDE

OPERA & BALLET
COLOSSEUM 01-235 3161.
BALLET OF THE CENTURY
Eves 8.0, Sat. Mat. 3.0. Tonight, Tomorrow, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday.
ROYAL OPERA HOUSE
Tonight, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday.
THEATRES
ELLE at Lyric, Brewer's Works, 01-437 2661.
An evening of music and drama.
ROYAL OPERA HOUSE
Tonight, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday.
THEATRES
ADELPHI THEATRE 01-335 7611.
"THE BEST NIGHT OF MY LIFE"
SPECIALTY CASTING BY J. LINDSAY AND RACY COMPTON.
"SLICK" SUMPTUOUS - THE MUSICAL
"THEATRICAL MAGIC" - 5 Episodes.
"INSTANT CONFIRMED CREDIT CARD BOOKINGS" 01-371 7611.

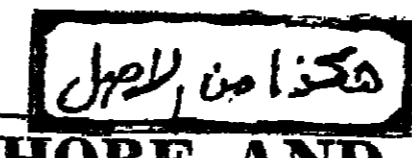
RECENT ISSUES

EQUITIES
1977
High Low
E.P. 97 1/2 91
F.P. 114 1/2 108
F.P. 121 1/2 115
ROYAL OPERA HOUSE
Tonight, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday.
THEATRES
ADELPHI THEATRE 01-335 7611.
"THE BEST NIGHT OF MY LIFE"
SPECIALTY CASTING BY J. LINDSAY AND RACY COMPTON.
"SLICK" SUMPTUOUS - THE MUSICAL
"THEATRICAL MAGIC" - 5 Episodes.
"INSTANT CONFIRMED CREDIT CARD BOOKINGS" 01-371 7611.

FINANCIAL TIMES STOCK INDICES

Table with columns for Stock Indices (Government Secs, Fixed Interest, Industrial Ordinary, Gold Mines, etc.), Highs and Lows, and S.E. Active. Includes sub-sections for EQUITY GROUPS, FIXED INTEREST, and ACTIVE STOCKS.

LENDING RATE
ART GAL
CLUBS



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

ES STOCK MARKET table with columns for stock names and prices.

Table of Authorised Unit Trusts listing various funds and their performance.

Table of Offshore and Overseas Funds listing international investment options.

RISES AND FALLS table showing price changes for various assets.

Table of Base Lending Rates for various banks and financial institutions.

INSURANCE, PROPERTY, BONDS

Table of Base Lending Rates (continued) with more bank entries.

Table of Insurance, Property, and Bonds listing various providers and policies.

Table of Cinemas listing showtimes and venues.

Table of Art Galleries listing exhibitions and locations.

Table of Insurance Base Rates and other financial data.

Table of Clubs listing various sports and social clubs.

Table of Clubs (continued) listing more club details.

Table of Insurance Base Rates (continued) with more rate details.

FT SHARE INFORMATION SERVICE

BE The British Engineers RIVETING SYSTEMS PARTS FEEDING AND ASSEMBLY SYSTEMS OTHER AIDS TO INCREASED PRODUCTIVITY Send for The Guide to the BE Group

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Dividend, and Yield.

Five to Fifteen Years

Table of funds categorized by maturity (Five to Fifteen Years).

Over Fifteen Years

Table of funds categorized by maturity (Over Fifteen Years).

Undated

Table of undated funds.

INTERNATIONAL BANK

Table of international bank funds.

CORPORATION LOANS

Table of corporation loans with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN FUNDS

Table of Commonwealth & African funds.

LOANS (Miscel.)

Table of miscellaneous loans.

FOREIGN BONDS & RAIS

Table of foreign bonds and rais.

AMERICANS

Table of American funds.

CANADIANS

Table of Canadian funds.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase companies.

Hire Purchase, etc.

Table of hire purchase and other services.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road companies.

BUILDING INDUSTRY—Continued

Continuation of building industry companies.

CHEMICALS, PLASTICS

Table of chemical and plastic companies.

CINEMA, THEATRES AND TV

Table of cinema, theatre, and TV companies.

DRAPERY AND STORES

Table of drapery and store companies.

DRAPERY AND STORES—Continued

Continuation of drapery and store companies.

ELECTRICAL AND RADIO

Table of electrical and radio companies.

ENGINEERING, MACHINE TOOLS

Table of engineering and machine tool companies.

ENGINEERING—Continued

Continuation of engineering companies.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other companies.

INDUSTRIALS—Continued

Table of industrial companies.

Conversion factor 0.6937 (0.6938)

Handwritten note: 100/100

هكذا من المصل

DAWA SECURITIES logo and header

INDUSTRIALS - Continued table with columns for company names, prices, and market data.

MOTORS, AIRCRAFT TRADES table listing various motor and aircraft related companies and their stock prices.

PROPERTY - Continued table listing real estate and property-related companies.

TRUSTS - Continued table listing various trust and investment companies.

MINES - Continued table listing mining companies and their stock prices.

CENTRAL AFRICAN table listing Central African mining and industrial companies.

AUSTRALIAN table listing Australian mining and industrial companies.

TINS table listing tin mining and related companies.

COPPER table listing copper mining and related companies.

MISCELLANEOUS table listing various miscellaneous companies.

Commercial Vehicle table listing commercial vehicle companies.

Components table listing component manufacturing companies.

Garages and Distributors table listing garage and distributor companies.

SHIPBUILDERS, REPAIRERS table listing shipbuilding and repair companies.

SHIPPING table listing shipping companies.

SHOES AND LEATHER table listing shoe and leather companies.

SOUTH AFRICAN table listing South African companies.

NEWSPAPERS, PUBLISHERS table listing newspaper and publishing companies.

TEXTILES table listing textile companies.

PAPER, PRINTING, ADVERTISING table listing paper, printing, and advertising companies.

PROPERTY table listing property companies.

TOBACCO table listing tobacco companies.

TRUSTS, FINANCE, LAND table listing trusts, finance, and land companies.

INSURANCE table listing insurance companies.

TRUSTS, FINANCE, LAND Investment Trusts table listing investment trusts.

OVERSEAS TRADERS table listing overseas trading companies.

RUBBERS AND SISALS table listing rubber and sisal companies.

TEAS table listing tea companies.

MINES CENTRAL RAND table listing Central Rand mining companies.

EASTERN RAND table listing Eastern Rand mining companies.

FAR WEST RAND table listing Far West Rand mining companies.

O.F.S. table listing O.F.S. companies.

FINANCE table listing finance companies.

DIAMOND AND PLATINUM table listing diamond and platinum companies.

NOTES section containing various financial notes and disclosures.

RECENT ISSUES AND RIGHTS section listing recent issues and rights.

REGIONAL MARKETS section listing regional market data.

IRISH section listing Irish market data.

OPTIONS section listing options market data.

INDUSTRIALS section listing industrial market data.

DIAMOND AND PLATINUM section listing diamond and platinum market data.

FINANCE section listing finance market data.

DIAMOND AND PLATINUM section listing diamond and platinum market data.



NUT adopts secret ballot for elections

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EASTBOURNE, April 12.

ACTION to stop Left-wingers that has to be taken in a democracy... Another opponent—Mr. John Esterson of Lambeth—said that not one of the 1,500 members of his branch had expressed support for obligatory ballots.

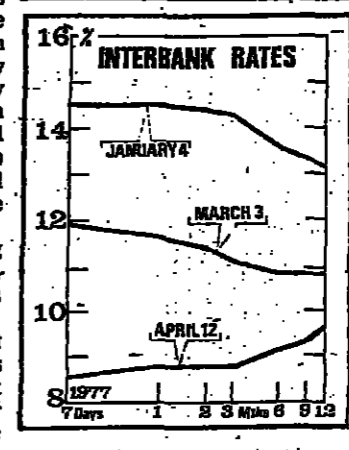
Capri production switched back to Halewood

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FORD U.K. plans to restart production of the Capri at its Halewood plant in Liverpool only about a year after manufacturing was moved to Germany to help the British factory step out of the Escort.

THE LEX COLUMN Changing structure of money rates

Index rose 4.9 to 407.9



Since last autumn the very short-term yield curve—covering terms up to a year or so—has been showing an anomalous downward slope, indicating the money market's expectation that interest rates were likely to fall.

Post Office to seek EEC grant for retraining technicians

BY MAX WILKINSON

THE POST OFFICE will ask the European Economic Community Social Fund for financial help with the retraining of technicians whose jobs are threatened by new technology.

General Motors halts Wankel development

BY STEWART FLEMING NEW YORK, April 12.

GENERAL MOTORS, the leading U.S. car manufacturer, is stopping all research and development work on the Wankel rotary engine, the company said today.

Traded options

The possibility of establishing a traded options market in London is again under discussion. The question is whether the latest proposals represent a sensible all-British compromise following the failure of ambitious plans to set up a Chicago-style market in London.

Schroders to pay man who resigned £58,000

BY MICHAEL LAFFERTY, CITY STAFF

SCHROEDERS, the City merchant banking group, is to make a \$100,000 (£58,000) ex gratia payment to Mr. James Wolfensohn.

Owen claims wide agreement

MAPUTO, April 12

DR. DAVID OWEN, Foreign Secretary, this evening ended a day of talks with leaders of the African "front-line" states, and declared himself surprised by the "great amount of unanimity in the points of view exchanged."

Yen rises against dollar

Clearly beginning to feel the pinch, speculators about future movements of the yen rate vary widely but one school of thought holds that it could touch a level of 31 to 3200 between now and the London summit meeting, though probably only briefly.

Weather

U.K. TO-DAY OCCASIONAL rain, cold in the North. London, S. England, Channel, S. Wales.

Table with columns for City, Y-day, and Y-est. Lists various cities like Amsterdam, Athens, and London with their respective weather and exchange rates.

Table with columns for Holiday Resorts, Y-day, and Y-est. Lists resorts like Alicante, Algarve, and Blackpool with their respective weather and exchange rates.



What would it cost to lose your sight? Possibly your independence. Probably your career. Perhaps your own security and that of your family.

Irish Ministers debate prison hunger strike

BY GILES MERRITT

DUBLIN, April 12.

MR. LIAM COSGRAVE, the Irish Prime Minister, yesterday met senior Ministers to discuss the looming confrontation between the Dublin Government and the Provisional Republican movement.

In Belfast, Provisional IRA sources are making it plain that they consider they are fighting a "war on two fronts"—against the British presence in Ulster and, increasingly, against the Dublin authorities.

RNIB ROYAL NATIONAL INSTITUTE FOR THE BLIND. 224 GREAT PORTLAND STREET, LONDON WIN 6A. Under the Finance Act 1975, requests to charities up to a total of £100,000 are exempt from Capital Transfer Tax.

Handwritten scribble at the bottom of the page.